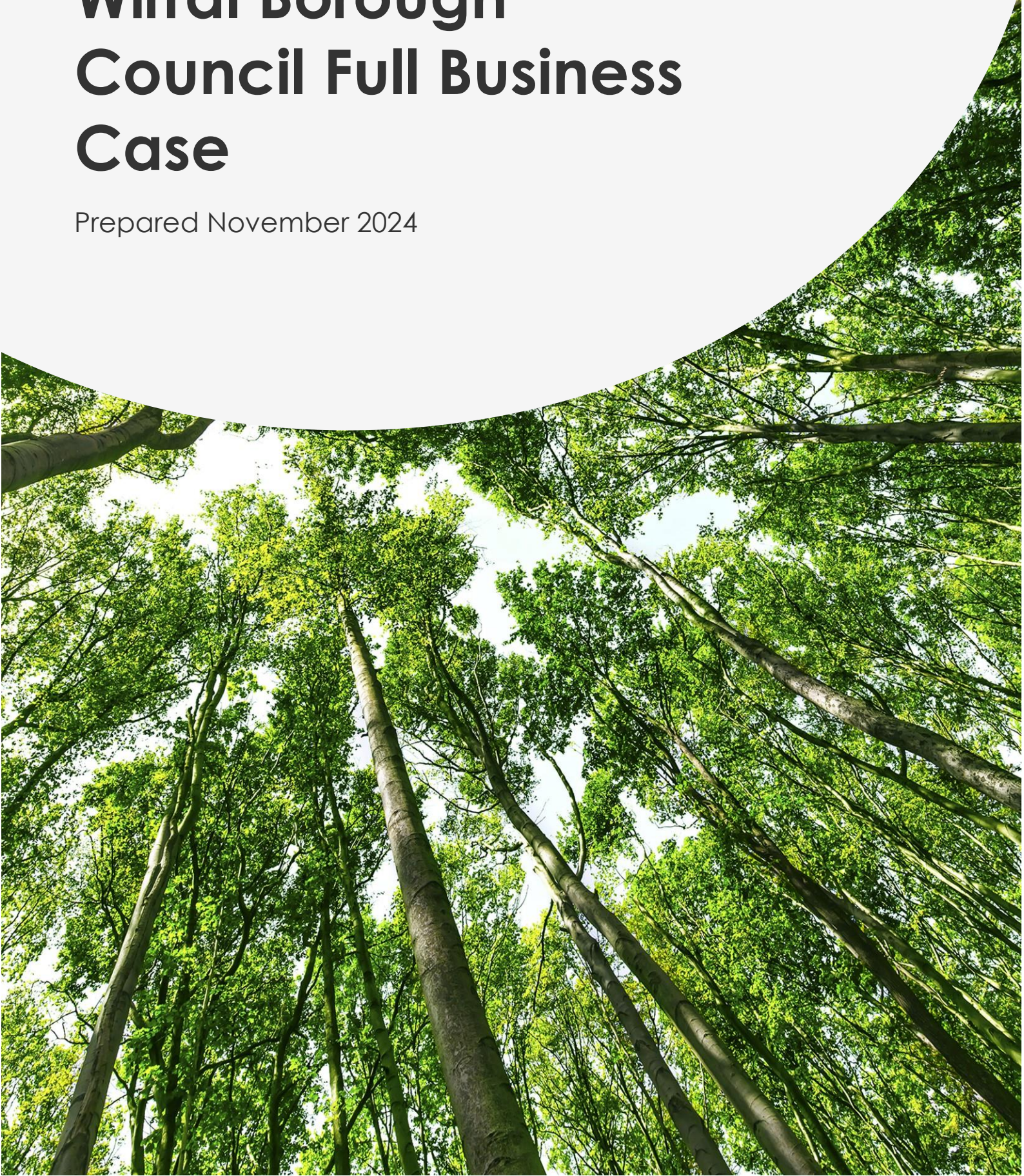


Wirral Borough Council Full Business Case

Prepared November 2024



Report For

Wirral Borough Council

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Acknowledgements

Our thanks to Wirral Borough Council

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Executive Summary

The purpose of the Full Business Case (FBC) is to recommend the option which has the potential to deliver the best outcomes for the Council and align with Wirral's Council Plan and the wider Liverpool Region Zero Waste 2040 Strategic Framework.

Wirral Borough Council (WBC) commissioned Eunomia Research and Consulting Ltd (Eunomia) to undertake a review of its waste collection and street cleansing contract in the lead up to the end of the current contract. The Council has already extended the current contract to its maximum term and therefore needs to put in place a replacement arrangement to deliver the services after its expiry.

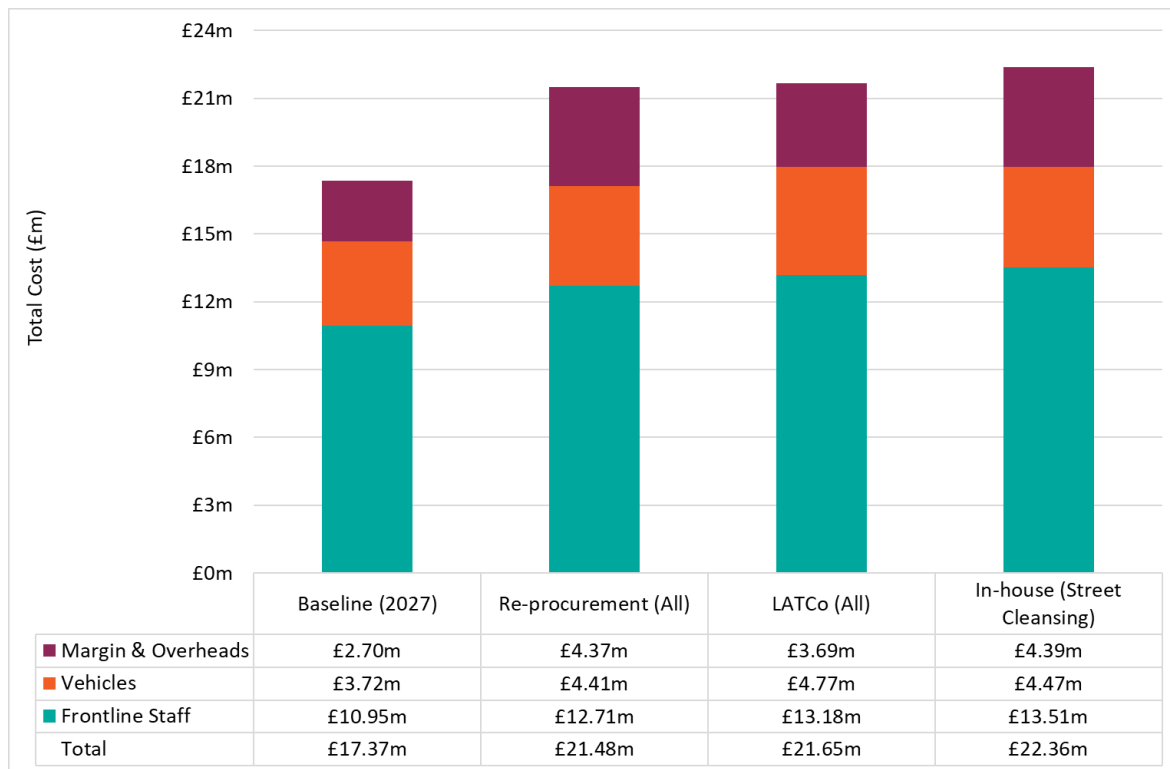
Three options were identified for the final stage of assessment, and these were:

- Continuation of an outsourced contract arrangement
- Delivery of all services via a LATCo.
- Delivery of street cleansing via an in-house arrangement and waste collection through an outsourced arrangement.

Eunomia worked closely with WBC to gather detailed employee data and cost information regarding vehicle and overhead costs. This data was used to build a cost model of the current baseline service and then each future delivery cost was modelled. All costs were uplifted using indexation to reflect inflationary impacts between 2022/23 and 2027. The baseline service was modelled at £17.37m, but all future options include the introduction of food waste collections across the whole council, which explains why all future options are significantly more expensive than the baseline.

The modelling of these options found that the re-procurement option was the cheapest option at **£21.48m** followed by the LATCo option at **£21.65m** and the in-house street cleansing option at **£22.36m**. This is shown in Figure 1-1 below.

Figure 1-1: Overview of Results of the Cost Modelling



The wider context for these three options was also considered in the appraisal of the most suitable option.

Considerations for the LATCo option included risks around an equal pay claim, governance in ensuring the governance structure is adequate, TUPE as The Transfer of Undertakings (Protection of Employment) Regulations 2006 apply and the terms and conditions of the Biffa workforce are unknown. There is also a procurement risk as while a LATCo can engage in procurement activity, it does not participate in the more relaxed procurement regime of a private sector organisation, and it may be limited from securing external contracts due to a perceived lack of financial substance.

Additional analysis of the in-house street cleansing option demonstrated that with this option the National Joint Council (NJC) for local government services, known as the Single Status Agreement, would come into effect and aspects including pay grades, bonus and overtime, annual leave entitlements, contracted working hours and sickness arrangements would need to be amended to match the council's arrangements. WBC would also likely need to enrol incoming street cleansing staff in the Local government Pension Scheme (LGPS) which has employer contributions at 18.7% compared to the assumption of the legal minimum of 3% for a service provider or a council LATCo. Having the street cleansing in-sourced and waste collections outsourced could mean synergies between the two areas would be difficult to manage and the division of responsibility between waste and street cleansing would need to be very clear.

Overall, the modelling and wider research of the options demonstrates that re-procurement is the preferred option. This option was the cheapest of the three options considered in the modelling, it carries the lowest operational risk of all options and allows the service to benefit from the sharing of knowledge and best practice a contractor may have from elsewhere. Soft market testing has shown there is private sector interest in this contract and confidence that the tender will be a competitive exercise.

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1.0 Business Case Development

The production of a Full Business Case (FBC) is widely recognised as best practice following the development of an Outline Business Case (OBC) and provides:

- A clear and concise summary of the financial and qualitative commissioning options work carried out to date.
- A recommendation of a single option to be taken forward and the rationale for this.
- A detailed breakdown of the strategic, commercial, financial and management impact of this decision and the associated risks.

Following the production of the OBC, three options were considered for the next stage of assessment, and these were:

- Continuation of an outsourced contract arrangement
- Delivery of all services via a LATCo.
- Delivery of street cleansing via an in-house arrangement and waste collection through an outsourced arrangement.

The following individuals comprise the Business Case Development Team. They are responsible for the analysis and creation of the Business Case.

Table 1-1: Business Case Development Team

Role	Description	Name/Title
Project Sponsor	<ul style="list-style-type: none"> • Provide executive support for the project • Secures resources and any required investment for the project • Accountable to SLT for successful delivery • Ensuring the business case is controlled and audit trails are in place to account for changes as the project develops • Consults with SLT to identify any changes which may undermine the business case or cause it to lose strategic alignment 	<p>Mike Cockburn - Assistant Director, Climate Emergency & Environment</p> <p>Jason Gooding - Director of Neighbourhood Services</p>
Project Manager	<ul style="list-style-type: none"> • Prepares the Business Case • Supports the Project Sponsor • Manages the Project Team 	Kate Kindlen – Project Manager

	<ul style="list-style-type: none"> Identifies opportunities to optimise the Business Case 	
Business Case Change Manager	<ul style="list-style-type: none"> Business Change techniques considered Benefits Management Approach Benefits Management Outline Profiles Benefits Realisation Plan 	
Internal Client Side	<ul style="list-style-type: none"> Commissioning HR Legal ICT Tax/VCT Union 	<p>Mark Dale, AD People & Organisational Culture</p> <p>Peter Jewell, Senior Lawyer (Employment)</p> <p>Steven Krempel, Senior Lawyer (Commercial and Projects)</p> <p>Andrea Lowe, Senior Lawyer (Contracts)</p> <p>Nicky Long, Workforce and Change - Business Partner</p>
Council Side	<ul style="list-style-type: none"> Buy back services arrangements 	
Technical Advisors	<p>Provide technical advice and expertise to the project, including:</p> <ul style="list-style-type: none"> A summary of the financial and qualitative commissioning options work carried out. Consideration of mobilisation and business as usual costs and risks. A detailed breakdown of the strategic, commercial, financial and management 	Eunomia Research and Consulting Ltd

impact of this decision and the associated risks.

- A recommendation of a single option to be taken forward and the rationale for this.
-

2.0 The Strategic Case: The Strategic Fit

2.1 Business Need and Project Background

Wirral Borough Council (WBC) commissioned Enomia Research and Consulting Ltd (Enomia) to undertake a review of its waste collection and street cleansing contract in the lead up to the end of the current contract. The Council has already extended the current contract to its maximum term and therefore needs to put in place a replacement arrangement to deliver the services after its expiry.

As the end of the contract approaches, the Council wanted to thoroughly assess their options for waste collection and street cleansing service provision, which included re-tendering the services, bringing the services in-house, or establishing a Local Authority Trading Company (LATCo) to manage these services, either together or separately (collectively termed the 'commissioning options'). The findings of this exercise were set out in the Outline Business Case (OBC) which was presented to the Council's Environment, Climate Emergency and Transport Committee on Monday 15th July 2024.

The purpose of the OBC was to:

- appraise the current and expected legislation in the context of WBC's services;
- review methods employed by similar councils;
- provide commentary on industry trends and innovation;
- consider the implications of the Council's Local Plan;
- consider the impacts on aspects of the Council's service delivery, including health and safety, human resources, infrastructure, client function, information and communication technology (ICT), fleet management, procurement processes, implementation costs, and staffing adjustments that may be necessary with different delivery models.

The waste and resource management sector is going through a period of significant policy and legislative change which may impact services in the future (including Simpler Recycling)¹. Whilst many of the changes are known (discussed in section 2.4.5 and in further detail in Appendix A.2.0), the precise impact these may have on Wirral's services in terms of income and funding, resources, and service efficiency is not fully understood. Since the publication of the OBC, the Council has committed to introducing food waste collections by Defra's stated deadline of April 2026 and as such is in the process of jointly (with the wider region) procuring the vehicles and containers required to deliver these services.

The purpose of this FBC is to focus on the preferred commissioning option for the services, not on specific waste collection methodologies. The ability to change services in the future has been factored into the qualitative assessment of each of the options.

The diagram in Figure 2-1 below illustrates the interdependencies of various strategies, legislations and policies for WBC.

¹ The requirement for all local authorities in England to collect

Figure 2-1: Refuse Collection and Street Cleansing Interdependencies Diagram

Refuse Collection & Street Cleansing: Interdependencies Diagram



Any changes should be made in accordance with WBC's strategic outcomes. According to the Wirral Plan 2023-27, the council priorities are:

- To deliver high quality efficient universal services to all residents
- To prioritise those with the greatest needs
- To deliver council services within the means of the council budget
- To be prepared to innovate and face the future
- To play our part in addressing the climate emergency and protecting our environment
- To work across communities with community, voluntary and faith organisations and partners to improve all residents' life chances
- To deliver our ambitious regeneration programme through increased investment, jobs and new businesses throughout the borough.

In addition, the future proposals need to support WBC in delivering the Liverpool City Region Zero Waste 2040 Strategic Framework. In terms of resource efficiency specifically the Framework sets out the following which are directly relevant to Wirral's services:

- Ensure future planning for housing development across the City Region identifies additional waste management costs
- Introduce separate food waste collections
- Promote zero waste building design and construction
- Collect more materials in recycling collections

- Align our infrastructure and operations to zero waste.

The purpose of the FBC is to recommend the option which has the potential to deliver the best outcomes for the Council and align with Wirral's Council Plan and the wider Liverpool Region Zero Waste 2040 Strategic Framework.

2.2 Benefits, Objectives and Strategic Alignment

The following table sets out how the preferred option will contribute to the delivery of the relevant Council Strategic Objectives/Corporate Priorities and the benefits expected as a result of achieving these outcomes.

Table 2-1: Benefits, Objectives and Strategic Alignment

Council Strategic Objective/Corporate Priority	Project Outcome	Benefits expected as a result of achieving outcomes.
Delivering Council Priorities		
<p>This proposed option will deliver the following Council Plan Priorities:</p> <ul style="list-style-type: none"> • To deliver high quality efficient universal services to all residents • To deliver council services within the means of the council budget • To be prepared to innovate and face the future • To play our part in addressing the climate emergency and protecting our environment 	<p>A new contract for delivering all services by an external service provider. This offers the same delivery mechanism as the current contract. The procurement process will allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism,</p>	<ul style="list-style-type: none"> • Shared cost and performance risks with contractor including excess profit via a 'profit share' mechanism. • Low operational risk. • Addresses performance issues through a new specification, and performance and payment mechanisms. • Sharing of knowledge and best practice from other contracts held by the same provider.

operations, digital processes, terms and conditions etc. This will address performance issues experienced by the current contract and deliver a future-proof service which can meet the forthcoming legislative changes within the waste and resources management sector

Meeting the Council's Vision

1. Working together to create a more efficient, effective and accessible council

Delivery of high-quality services within the Council's affordability and have necessary mechanisms to adapt to future service change.

- Services are cost-effective and deliver value for money
- Improved street and environment cleanliness
- Improved waste and recycling performance

5. Protect our environment

Delivery of an improved waste and recycling service which supports waste reduction and increased levels of recycling and re-use.

- Improved waste and recycling performance and street cleanliness
 - Delivery of activities on waste prevention, re-use, recycling and composting
-

Expansion of electric vehicles and other non-fossil fuel fleet within the waste collection and street cleansing fleet where affordable and operationally viable,

- Delivery of the Council's carbon budget

6. Safe, resilient and engaged communities

Maintaining the public realm to nationally agreed standards, resulting in safe and clean environments where people can lead active and healthy lives

- Improved street care and cleanliness

2.3 Scope

2.3.1 Inclusions of project

The scope of the project includes the service delivery mechanism or commissioning option for the waste collection and street cleansing services. As part of the OBC, Eunomia undertook a risk-based evaluation of the future service commissioning options being considered by WBC. The available commissioning options which were considered as part of the OBC were:

- Continuation of an outsourced contract arrangement whereby the services are tendered through a competitive tendering process and a service provider is appointed to deliver the services on the Council's behalf
- Delivery of all (both waste collection and street cleansing) or part (street cleansing only) of the services in-house. This would involve the TUPE transfer of the current workforce (or part thereof if only street cleansing was insourced) from the existing service provider to the Council.
- Delivery of all (both waste collection and street cleansing) or part (street cleansing only) of the services via a Local Authority Trading Company (LATCo) wholly owned by Wirral Council. This would involve the TUPE transfer of the current workforce (or part thereof if only street cleansing was brought into a LATCO) from the existing service provider to the Council-owned LATCo.

Following the production of the OBC, three options were identified for the final stage of assessment, these were:

- Continuation of an outsourced contract arrangement
- Delivery of all services via a LATCo.

- Delivery of street cleansing via an in-house arrangement and waste collection through an outsourced arrangement.

2.3.2 Exclusions of project

There are a number of exclusions to the project including:

- Changes to the waste collection systems beyond the implementation of food waste collections which the Council has committed to doing before the current contract expires.
- Changes to the operational delivery of street cleansing services.
- Indicative EPR costs have been excluded from all calculations as the funding would be the same regardless of the commissioning option chosen.

2.4 Strategic Risk and Mitigation

Table 2-2: Strategic Risk and Potential Mitigation Summary

Risk	Mitigation Strategy
<p>Affordability</p> <p>This is deemed to be a significant risk as the Council has a budget shortfall for the current and next financial year. The modelling suggests that the cost of providing the same services will be greater in the future.</p>	<p>The Council's preferred option is the lowest cost option considered and the highest scoring in terms of the qualitative assessment.</p> <p>To mitigate cost risks the Council will undertake a procurement process which includes dialogue/negotiation with prospective bidders to engage with the market on proposals for cost savings.</p>
<p>Operational</p> <p>The preferred model not delivering the required level of service from day 1 e.g. TUPE not effectively managed between old and new contractor.</p>	<p>This risk cannot be completely mitigated in any option as any change will carry operational risk. However these risks can be mitigated as much as possible with robust demobilisation / mobilisation plans from both outgoing and incoming contractors. Oversight of the effective delivery of these plans will be provided by the council. Plans will cover all activity surrounding change management in detail, for example, the transfer of staff including all engagement activities.</p>

Risk**Mitigation Strategy**

Political

Members are not actively engaged with the transition period (including procurement period if applicable) and therefore do not feel informed about progress and key risks and issues faced.

This risk will be mitigated through the development and agreement of a member engagement strategy which will focus on working closely with all parties through hothouse and engagement sessions.

Depot Space

The Council does not currently own an operational depot to deliver waste and street cleansing services from.

Under all options, the preferred scenario would be for the Council to own or lease its own depot. At present the depot is owned by Biffa. Under a LATCo or in-house scenario, the Council would need to provide its own depot for the relevant services and under an outsourced contract, it would be preferable for the Council to provide bidders with an operational depot to ensure that the contract is attractive to the market.

The **Council's Waste & Environment team is currently liaising with the Council's Regeneration and Assets teams to explore options for use the existing mothballed corporate depot** at Dock Road. The Council also held soft market testing to determine which providers may have access to their own sites.

Human Resources

Within the LATCo option, Terms and Conditions of staff currently employed by the Service Provider will differ from those of the Council.

There is no mitigation for this risk that would not increase the cost of this option significantly.

The Council considers this to be a significant risk, both in terms of the Single Status Agreement if the services were brought in-house but also in relation to current terms which affect operational practices.

Risk	Mitigation Strategy
<p>Pensions: Scheme Establishment</p> <p>If the Council were to set up a LATCo, the company would need to set up its own private pension scheme</p>	<p>Establishing a new private pension scheme which is broadly comparable to the pension scheme for transferring staff will require specialist pension expertise.</p> <p>The Council considers this to be a significant risk, in terms of the Single Status Agreement.</p>
<p>Pensions: LGPS</p> <p>Transferring staff would be entitled to the LGPS.</p>	<p>If the Council were to bring the services back in-house, there would be a considerable cost to the LGPS due to the higher rate of employer contribution at the Council relative to typical private sector pension schemes. This risk is mitigated by continuing with an outsourced delivery model.</p>
<p>Legislative and policy Change During Contract Period</p>	<p>The contract documentation including specification, change mechanisms, and performance and payment arrangements will be drafted in such a manner as to both account for known upcoming legislative changes in the waste sector and unknown changes (including those which are known but not clearly defined on a practical level.</p>
<p>Market Interest</p>	<p>Several of the options are reliant on procuring contracts to be delivered by external service providers and realising a good degree of competition is important to ensuring value-for-money. The Council has conducted soft market testing, and this has confirmed that there is strong interest from service providers in a street cleansing and waste collection contract for Wirral Council.</p>

2.4.1 Affordability

We understand that the Council is under significant budgetary pressure in the current financial year and that without substantial action the authority will not be able to provide a balanced budget this year. The Council has identified the following areas which have contributed to the current financial position:

- The Adult Care & Health directorate forecasting a combined overspend of £8.857million which is partially offset by an extra £1.309m of income.
- The overspend comes from areas including Older People Services – £4.826 million – largely due to the increasing number of clients and additional complexity of needs.

- Similarly, demand for Elderly Mentally Infirm (EMI) services and Mental Health and Disability Services continue to rise. The Directorate has an action plan in place to address the issues.
- Children, Families & Education forecast an overspend of £9.996 million with significant concerns over children in residential placements and home to school transport. Despite an overall reduction in the numbers of “children looked after” (CLA), there are still substantial pressures from the placement costs, with £7.054m of the forecast overspend for the year in relation to placements.
- Other areas of overspend include Finance which forecasts a budget gap of £2.897million while Neighbourhoods Services forecast an adverse variance of £2.331million, across areas including income shortfall on car parking charges, highways maintenance costs and leisure services.

There are adverse variances in the Waste and Environment Service of £0.117m relating to contractual pressures on the regional green waste treatment contract and noting the environmental enforcement scheme is not yet started. Therefore, whilst Waste and Environment Services are a relatively small contributor to the budgetary overspend, it is considered likely that all departments will have to make savings in order to mitigate the forecast adverse outturn position of £21.563m. Despite this, the Council has a statutory obligation to collect separate food waste from households by March 2026 and is in the process of implementing this new service with the current contractor, Biffa through variation to the current contract.

The Council will receive New Burdens funding to help fund the food waste collections which it is in the process of introducing in the current contract and pEPR funding for the necessary costs of the full net costs of recovery of packaging waste. This applies to all scenarios modelled although the financial implications have not been modelled as the funding details are unknown and will apply equally across all options.

2.4.2 Human Resources

2.4.2.1 Pay and Terms and Conditions

In-house

The National Agreement on pay and conditions of service for local government would come into effect if services were transferred in-house.² This agreement includes the full, current details of the National Joint Council (NJC) for local government services. Known as the Single Status Agreement, the Green Book covers the pay and conditions for 1.4 million local authority employees. The full details of the pay and terms and conditions of the service provider's staff are not known at this stage; however, it is understood that there are likely to be differences between the service provider staff Ts and Cs and the Council's in the following (but not limited to) areas:

- Pay grades and scales for equivalent roles at the Council
- Bonus and/or overtime entitlements
- Annual leave entitlements
- Contracted working hours
- Sickness arrangements

LATCo

If comparable employees of the Council and a LATCo are not employed on equal terms, then there is a risk that this could lead to an equal pay claim. Whilst it is difficult to say for certain that any such claim would always be successful (because it might be possible to defend an equal pay claim based on the

² [Local government terms and conditions \(Green book\) | Local Government Association](#)

specific facts of a particular case), there is a potential substantial financial risk if such a claim were made and were successful.

Furthermore, engaging employees on different terms has the potential to adversely affect workforce morale and engagement, particularly as the employee perception is likely to be that both groups are employed by the Council and should therefore be entitled to the same benefits.

Consideration also needs to be given to Trade Union reactions and political comfort/repercussions if the terms and conditions enjoyed by employees of a LATCo do not mirror Local Government NJC terms (or vice versa).

S79 Equality Act 2010 states that a person can compare themselves to another employee of the opposite sex (for the purposes of equal pay) if the comparator is employed by the same employer or an associated employer and they work at the same establishment (or they work at different establishments and common terms apply at the establishments). Employers are associated if one is a company of which the other employer has control. So, the fact that the Council would be the owner of and control a company means that employees employed in that company can compare themselves to employees directly employed by the Council (and vice versa) if they can establish a suitable comparator (e.g. someone of the opposite sex who does similar work or work of equal value).

Whether or not employees are employed "at the same establishment" is something which is determined according to the facts of each case. Whilst it might be argued that employees employed by the Council and those employed by a LATCo are not employed in the same establishment, there is no guarantee that this is how this would be interpreted in the Tribunal. The fact that the two bodies are different legal entities cannot of itself mean that they are different establishments – otherwise that would defeat the associated employer provisions. If a LATCo were fulfilling a statutory obligation of the Council this may, as an example, be a factor indicating that it is part of the same "establishment."

If the Council and the LATCo were different establishments then comparisons between the employees at the different organisations can be made (for the purposes of equal pay) if they are employed on common terms (i.e. terms which are broadly similar or agreed under the same collective agreement).

Even if the above circumstances were not to apply in this specific case, an employee of one organisation could still compare themselves to an employee employed by the other organisation if it were determined that the employees are employed by a single body which is responsible for setting or continuing the terms on which the comparators are employed and is responsible to ensure that there is equal treatment between the comparators. It is likely that a LATCo wholly owned by the Council would fall within this provision.

There are LATCos in existence in which employees are employed on less favourable terms than those directly employed by the respective local authority. However, the Council has advised that it is the view of numerous legal officers that doing so presents a risk as outlined above.

2.4.2.2 Pension Scheme

One of the key risks to the Council if services were brought in-house is the employer pension scheme contributions. Wirral Council's current rate for employer's pension contributions is 18.7%, compared to our assumption of 3% (the legal minimum) for a service provider or a Council LATCo.

Not enrolling employees in the Local Government Pension Scheme (LGPS) presents a large risk of reputational damage and additionally, the equal pay requirements described above apply to pension benefits and access to pension schemes.

2.4.2.3 Staff Absence Levels

For staff absences including sickness and annual leave entitlement, Eunomia has modelled additional cover for the in-house and LATCo employees. This accounts for the improved annual leave entitlement afforded to Council employees (including those employed through a LATCo) and increased sickness pay entitlement relative to the private sector service providers.

2.4.3 Additional Staffing and Management

A number of new roles will be needed when setting up a LATCo service as typically these functions at a service provider are provided by centralised or regional staff and would therefore be unlikely to transfer to the LATCo under TUPE. Such additional roles include HR staff, transport staff, finance staff, HSEQ staff and a performance manager. The HSEQ staff will be responsible for all health, safety, environment, and quality assurance on the contract. This includes safe working practices, route risk assessments, task-based risk assessments, arranging H&S training, ensuring correct levels of qualification and competence, any depot-based H&S requirements (e.g. fire plans, first aid, fire wardens, arranging fire equipment inspections etc., compliance with environmental permits if applicable, carbon emissions reporting, and ensuring environmental and H&S reporting requirements are met). The performance manager is responsible for monitoring and ensuring performance standards are achieved across the service including data analysis, looking for patterns and trends in performance, implementing improvement plans and ensuring value for money. The Council believes that for an in-house service, these functions can be absorbed by the existing resources within the Council.

An in-house service would also need to recruit team leader(s) to deliver a function, similar to the roles of team leaders of the services that are already performed in-house at WBC such as grounds maintenance.

If a LATCo was established, further roles would be required, including managing director and operational director roles. The managing director would be responsible for ensuring that the LATCo is performing well as a business while the operations director would be responsible for the overall services operation. The establishment of a LATCo would also require the Council to develop a management structure for the LATCo and in doing so, it may be possible for the LATCo to procure some corporate functions from WBC via an SLA (for example HR, H&S, Transport and Finance functions). Any outstanding new roles would then need to be recruited ahead of the commencement of the services. The Council would also need to manage the TUPE transfer of employees from Biffa into the new LATCo. There is a possibility that key roles, such as the contract manager, may not opt to transfer to the LATCo which may lead to some loss of local operational knowledge and also requires the Council to recruit a replacement for this post.

Overall, the delivery of an outsourced contract offers the least risk in terms of staffing and recruitment as the need for new posts is likely to be less (as they utilise central or regionally based shared resources for functions such as HR, payroll, H&S etc.). The Contractors also have a wealth of experience in TUPE transfers of staff between service providers and are well practiced in managing the staff engagement, cultural change and union engagement that accompanies such changes.

2.4.4 Hybrid Delivery Options

One option considered bringing street-cleansing in-house in a hybrid option with waste collections outsourced. There are a number of limitations of this option which led to it not being taken forward as the preferred option. These are listed below.

Matching Terms and Conditions: Bringing a workforce in-house can detrimentally affect the grading and pay scales of other job roles of a similar nature that already exist within the council and could possibly result in similar jobs roles being graded higher than if the incoming workforce had remained outsourced. This presents an associated risk with single status of the incumbent workforce.

Additional costs: The council could pay on average an additional 7% of the total contract price to fund the ongoing additional corporate support associated with a service coming back in-house.

Financial: Street cleansing staff would have to be enrolled in the LGPS and there would be additional costs from the dual-management teams required. Digital integration between the two services would likely also incur additional costs.

Market Conditions: Bidders typically prefer integrated contracts as these contracts have a higher contract value. By bringing the street cleansing service in-house, this might give bidders the impression that the authority may plan to do this for the waste service in the future, which could reduce market interest.

Capacity & Capability Risk: WBC would require additional capacity and capability to manage this operationally complex service. Currently, WBC do not have the specialist capability internally to manage a large street cleansing service and would require specialist recruitment for roles as outlined above.

Operational: There would be increased operational complexity as both entities will need to manage their infrastructure and operations efficiently whilst not disrupting the service delivery of the other. Furthermore, as both services would be managed by different organisations, there would be a loss of cross-working efficiency between the services, which may lead to some operational disruption.

Implementation: The transfer of a highly specialised service (street cleansing) in-house whilst also undertaking a procurement exercise, which significantly increases the likelihood of implementational failure compared to the other options being reviewed. There is also a substantial implementation risk surrounding IT systems.

2.4.5 Legislative and Policy Change

The potential risks for WBC from upcoming policy changes are highlighted in Table 2-3. Upcoming policy changes predominantly focus on changes to waste collections, so this is the focus here, although there are some references to the impact on street cleansing, particularly for Packaging Extended Producer Responsibility (pEPR). The policy context and details of the individual policies has been discussed in more detail in Appendix A.2.0.

Table 2-3: Summary of Upcoming Policy Changes

	Packaging Extended Producer Responsibility (pEPR)	Simpler Recycling	Deposit Return Scheme (DRS)
Impact of the policy change on WBC	WBC will receive funding for "efficient" and "effective" service delivery. If WBC's waste collection service or cleansing service (for public bins only) is not considered "efficient" and	WBC are on track to introduce weekly food waste collections before the expiry of WBC's existing collection contract. This is being implemented in partnership with City Region. Though WBC is eligible for new burdens	WBC will see a loss in valuable recyclable materials collected, a decrease in recycling rate, and a loss in material revenue. WBC may see an increase in reprocessing contract costs due to

“effective”, part of the payment for service delivery may be withheld and an improvement plan would be required.	funding and has received confirmation of this, there is no guarantee this will cover all associated costs.	increased MRF gate fees.
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WBC is in line with statutory guidance on fortnightly residual waste collections. Should WBC move to three-weekly collections they risk judicial review, although this is currently being consulted on by Defra.

Action WBC need to take

WBC will need to target recyclable materials not currently collected and recycled, requiring investment. Defra has stated that no funding will be provided to implement the collection of additional recycling streams to be compliant with Simpler Recycling. Where packaging EPR payments do not cover costs, WBC may face an affordability challenge. In the government response to a follow-up consultation (released on 9 May 2024), the Government does however state that they will “provide suggestions and recommendations for local authorities to assist with building flexibility into future waste contracts”.

Risks from Implementation

Investing in service changes before EPR and Simpler Recycling roll-out is a risk. However, WBC may face supply chain bottlenecks following roll-out due to continued delay in implementation. There also appears to be potential for conflict between Simpler Recycling and EPR targets and requirements.

3.0 The Financial/Economic Case: Options Appraisal

3.1 Summary of approach

Waste, recycling and street cleansing services are the only function any authority delivers which every resident and visitor to the borough experiences daily. Therefore, the quality of these services and the value for money they represent to any Council is of paramount importance. As mentioned above, three options were taken forward for consideration in the FBC and these were:

- Option A: Re-tendering all services.
- Option C: All services in a LATCO.
- Option D: Re-tender the waste service and bring cleansing in-house.

The options are summarised below with an assessment of the three shortlisted options following this.

3.1.1 Options Appraisal Summary

Table 3-1: Summary of Option A

Option A - Re-tendering all services	
<p>Description: To procure a new contract for delivering all services by an external service provider. This would be the same as the current arrangement but would allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism, operations, digital processes, terms and conditions etc.</p>	
<p>Resource Requirements: 247 FTEs</p> <p>Cost: Transition and mobilisation costs - £0.39m Total annual costs (2027) - £21.48m</p>	
<p>Advantages</p> <ul style="list-style-type: none"> • Highest scoring option on the qualitative assessment • Cheapest option 	<p>Disadvantages</p> <ul style="list-style-type: none"> • Any future changes (made in contract) to services will need to be negotiated through the formal contract change mechanism • Market conditions may mean reduced competition
<p>Risks</p> <ul style="list-style-type: none"> • The Council is unable to source suitable depot space and requires bidders to provide one instead which may restrict competition (the last time it was tendered the Council received two bids) 	<p>Benefits</p> <ul style="list-style-type: none"> • Allows sharing of cost and performance risks with contractor including excess profit via a 'profit share' mechanism. • Low operational risk. • Address performance issues through a new specification and 'paymech'.

	<ul style="list-style-type: none"> • Sharing of knowledge and best practice from other contracts.
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Table 3-2: Summary of Option C

Option C - Delivering all services via a LATCo	
<p>Description: To bring both the waste collection and street cleansing services under a LATCo wholly owned by Wirral.</p>	
<p>Resource Requirements: 255.5 FTEs</p> <p>Cost: Transition and mobilisation costs - £1.58m Total annual costs (2027) - £21.65m</p>	
<p>Advantages</p> <ul style="list-style-type: none"> • No market risk for service delivery • Pension costs are lower than an in-house service 	<p>Disadvantages</p> <ul style="list-style-type: none"> • All staff move onto equivalent pay grades of current WBC staff meaning the option is more expensive than re-procurement. • High transition and mobilisation costs as a new depot(s) would have to be sought and/or upgrades to existing sites and set up of the LATCo • Differences in pay and terms and conditions between LATCo and Council employees, with Council employees having a higher LGPS at 18.7%. This may risk creating the impression of there being a 'two tier' workforce.
<p>Risks</p> <ul style="list-style-type: none"> • The LATCo is unable to source suitable depot space • The LATCo is unable to recruit suitable management personnel to mobilise and manage the service • LATCo has full exposure to all financial and performance risks • There may be differences in terms & conditions between TUPE'd staff and council employees which may cause issues. 	<p>Benefits</p> <ul style="list-style-type: none"> • Greater degree of control over service delivery and changes • Allows for greater visibility of spend and greater control over budgets • Opportunity for income generation as long as 80% of its services are provided for Wirral • Spend is kept local e.g. supply chain • Any surplus associated with chargeable services could (after covering operational costs) be reinvested back into services • No Parental Company Guarantee or bond as the guarantor is the LA

Table 3-3: Summary of Option D

Option D - Re-tendering waste and bringing street cleansing in-house	
<p>Description: To procure a new contract for delivering waste services only by an external service provider and bringing street cleansing services in-house. The waste service would be outsourced and would allow for changes to the contract documentation including but not limited to the specification (including service standards), performance management, payment mechanism, terms and conditions etc.</p>	
<p>Resource Requirements: 247 FTEs</p> <p>Cost: Transition and mobilisation costs - £1.24m Total annual costs (2027) - £22.36m</p>	
<p>Advantages</p> <ul style="list-style-type: none"> • Allows the Council to expand its in-house service operations with a lower profile service than waste collection • Street cleansing services could be accommodated in existing council-owned depots 	<p>Disadvantages</p> <ul style="list-style-type: none"> • Differences in pay and terms and conditions between in-house and Contractor employees. • Street cleansing staff entitled to LGPS • Synergies between waste and cleansing may be difficult to manage
<p>Risks</p> <ul style="list-style-type: none"> • The Council is unable to recruit suitable management personnel to mobilise and manage the service • Council has full exposure to all financial and performance risks of the street cleansing service • Division of responsibility between waste and street cleansing needs to be very clear • Lack of depot for waste and smaller contract may make it less attractive to the market 	<p>Benefits</p> <ul style="list-style-type: none"> • Greater degree of control over service delivery and changes for street cleansing • Allows for greater visibility of street cleansing spend and greater control over budgets • For the in-house elements, the spend would be kept local e.g. supply chain

3.2 Qualitative Assessment

A qualitative assessment was undertaken to consider the risk element of the three shortlisted options. The risk assessment involved assessing each of the shortlisted commissioning options against an agreed set of criteria. The criteria selected as the basis for the evaluation are based upon Economia's experience of the key factors which impact decision making regarding services of this type and scale. The criterion being assessed, and their weightings, were agreed with WBC and are outlined in Table 3-4 below.

Table 3-4: Results of the Qualitative Assessment

Commissioning Options - Qualitative Assessment				Option A - Re-tendering all services		Option C -All services LATCo		Option D - Re-tender waste and in-house for cleansing	
Primary Criteria	Secondary Criteria	Assessment Question	Weighting	Score Awarded	Weighted Score	Score Awarded	Weighted Score	Score Awarded	Weighted Score
Quality	Capacity and Capability	Does Wirral BC have the capacity to deliver?	20.0%	5	20.0%	2	8.0%	2	8.0%
	Financial Risk	Does the option pose an increased financial risk to the authority?	15.0%	4	12.0%	2	6.0%	2	6.0%
	Market Conditions	Are the market conditions able to support this option?	10.0%	3	6.0%	5	10.0%	2	4.0%
	Operational Risk	Does the option pose an operational risk to the authority?	15.0%	4	12.0%	2	6.0%	1	3.0%
	Implementation Risk	Does the option present an implementation risk?	15.0%	2	6.0%	2	6.0%	1	3.0%
	Control and Ability to Change	Does the option allow Wirral BC to increase control and develop services?	15.0%	3	9.0%	4	12.0%	4	12.0%
	Service Quality	Does the option improve the quality of service offered to residents?	10.0%	3	6.0%	3	6.0%	3	6.0%
Total Score			100.0%		71.0%		54.0%		42.0%
Rank					1		2		3

3.3 Methodology

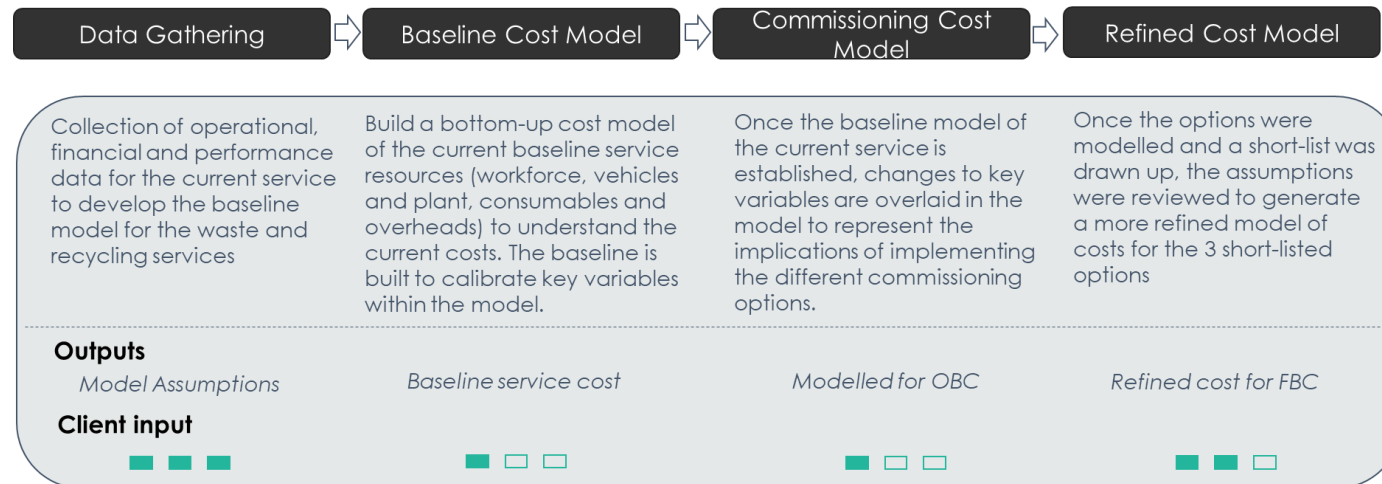
The objective of the financial modelling task was to understand the relative affordability of each delivery option in relation to the baseline (the existing Biffa budget).

In Eunomia's experience, large financial savings are rarely observed unless the design of the service fundamentally changes. The outcomes of this options appraisal could lead to a fundamental change in the way in which services are delivered within the borough, and therefore a detailed, transparent, and robust financial analysis has been carried out.

Eunomia's established service delivery options model firstly builds up operational costs from first principles to ensure that the nuance of cost in each option is fully reflected and then compares the operational cost of each option to the current amount paid for the service (the baseline). This allows a comparison of resourcing levels within each option to understand where savings are made, or where additional cost centres created.

Figure 3-1 provides an overview of the cost modelling methodology.

Figure 3-1: Overview of Cost Modelling Methodology



Firstly, Eunomia worked closely with WBC and Biffa to gather detailed employee data and cost information regarding vehicle and overhead costs. All data provided by Biffa was clearly labelled within the model alongside Eunomia assumptions, and the basis for these assumptions. Detailed inputs and assumptions are included in Appendix A.1.0.

The next step was to build a cost model of the current baseline service and calibrate the 2022/2023 baseline costs, in order to ensure that all costs are captured in the baseline as accurately as possible.

The final step in the process was to model each future delivery cost. Each future option was modelled for 2027, which matches the end of the current contract with Biffa. All costs were uplifted using indexation to reflect inflationary impacts between 2022/23 and 2027. It is important to note that the inflation rate between 2024 and 2027 was estimated and the future actual inflation may be higher or lower than the estimate. However, for the purpose of this project this is not a concern as a change in the inflation will not change the order of the financial results.

Using the data provided by WBC and Biffa, Eunomia modelled a baseline cost of £13.6m for the 2022/23 year, which excludes the margin and overheads applied by the contractor. Detailed modelled costs are presented in Section 3.3.2.

3.3.1 Baseline Service Cost

Using the data provided by WBC and Biffa, Eunomia modelled a baseline cost of £13.6m for the 2022/23 year, which excludes the margin and overheads applied by the contractor. Detailed modelled costs are presented in Table 3-5. Biffa provided an indication of the number of vehicles and staff, but exact operating costs are not known and assumptions were made including human resources costs and digital costs.

Table 3-5: Baseline 22/23 modelled costs (excluding margin & overheads)

Cost Category	Baseline 2022/23 Modelled Costs	% of total
Staff costs	£9,842,470	72.4%
Vehicle costs	£3,181,973	23.4%

Depot and other costs	£567,651	4.2%
Total (excluding margin & overheads)	£13,592,094	100%

WBC provided us with the actual waste collection and street cleansing contract value, totalling £13.5m in 2022/23. A breakdown of the contract is presented in Table 3-6.

Table 3-6: 2022/23 payments

Service	2022/23 Contract Value
Waste and Recycling Collections	£7,968,771
Garden Waste Collections	£947,013
Bulky Waste Collections	£144,964
Street Cleansing	£4,411,421
Total	£13,472,168

Since the OBC was produced and to account for the pay awards and other cost increases since 2022/23, we have uplifted the baseline contract value to the 2024/25 value of £15m.

Table 3-7: Modelled Baseline Services Costs and Calculated Margin

Item	Value
Baseline Cost 24/25	£15,000,000
Modelled margin & overheads (£)	£1,395,698
Item	9.3%

3.3.2 Summary of Cost Modelling Results

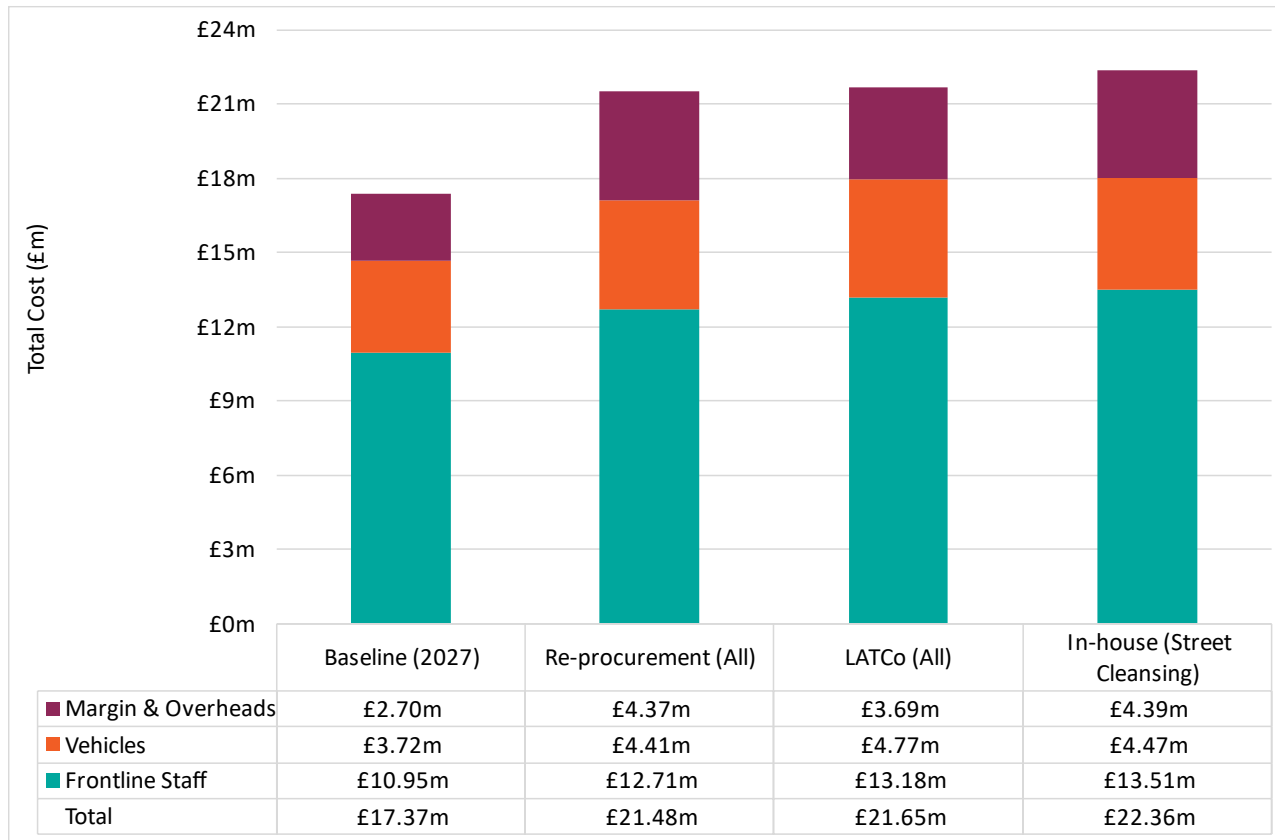
The cost modelling results have been summarised below. The results of the cost modelling are presented as total annual costs. The baseline and all future options were inflated to reflect 2027 costs. All future options include the introduction of food waste collections across the whole Council, which explains why all future options are significantly more expensive than the baseline. The additional annual costs for the food waste service are approximately £2m. Any indicative EPR costs have been excluded from all calculations in the model as the funding would be the same regardless of the commissioning option chosen.

In addition, the pay grades of all staff have been uplifted to 2024 levels. For staff employed by Biffa, a 5% pay rise was for each year was included. For staff employed by WBC or through a LATCo, rates for frontline staff involved in waste collections and street cleansing were increased to levels for current ground maintenance staff employed by WBC. Details of these pay grades are outlined in the Appendix A.1.0.

The uplifted 2027 Baseline total cost was £17.37m.

Figure 3-2 provides a summary of the total annual costs for the baseline and the future service delivery options. Transition and mobilisation costs are not included as they are one-off costs. Transition and mobilisation costs can be found in Section 3.3.2.4.

Figure 3-2: Total Annual Costs (2027)



A breakdown of the difference in costs is provided below.

3.3.2.1 Frontline Staff

Option D ('In-house (Street Cleansing)') is the most expensive option for frontline staff, at £13.51m. This is primarily due to all staff involved in street cleansing has had their pay bands being increased to be equivalent to pay rates currently employed by WBC. These pay rates are higher than the assumed pay rates for Biffa employed staff in the same year. Furthermore, WBC is directly contracting street cleansing staff, which means average employer pension contributions are significantly higher (18.7%) for these staff, compared to rates under the re-procurement and LATCo

options (about 3% to 4%). Overtime for street cleansing staff is also about 2 times higher under Option D relative to other options, which reflects the lower number of weekly contracted working hours for Council employees compared to those employed by a service provider.

3.3.2.2 Vehicles

The vehicle costs are the lowest for Option A ('Re-procurement (All)'), at £4.41m. It was assumed in all future options that the Council would provide the capital for the vehicles, however in the re-procurement option, the contractor may purchase the vehicles on behalf of the Council and would be able to use their buying power to leverage lower vehicles prices than if the Council were to purchase the vehicles directly, which would be the case in the in-house and LATCo options. A 15% uplift in vehicle capital costs was applied to both the in-house and LATCo options to reflect this. Under all scenarios we have assumed that the Council would fund the vehicle purchases using prudential borrowing.

3.3.2.3 Margins and Overheads

In this category the highest option, at £4.39m, was Option D ('In-house (Street Cleansing)'). Option C ('LATCo (All)') was the lowest option at £3.69m. In all options, a whole new depot is required, for which the infrastructure investment was estimated at £3m which accounts for a large part of the mobilisation costs. In addition, for the hybrid options, there are infrastructure costs to upgrade the existing grounds maintenance depots owned by the Council to base street cleansing operations from there, which were estimated at £1.13m. These costs have been annualised as a capital costs asset with an annual loan charge of 5.19%.

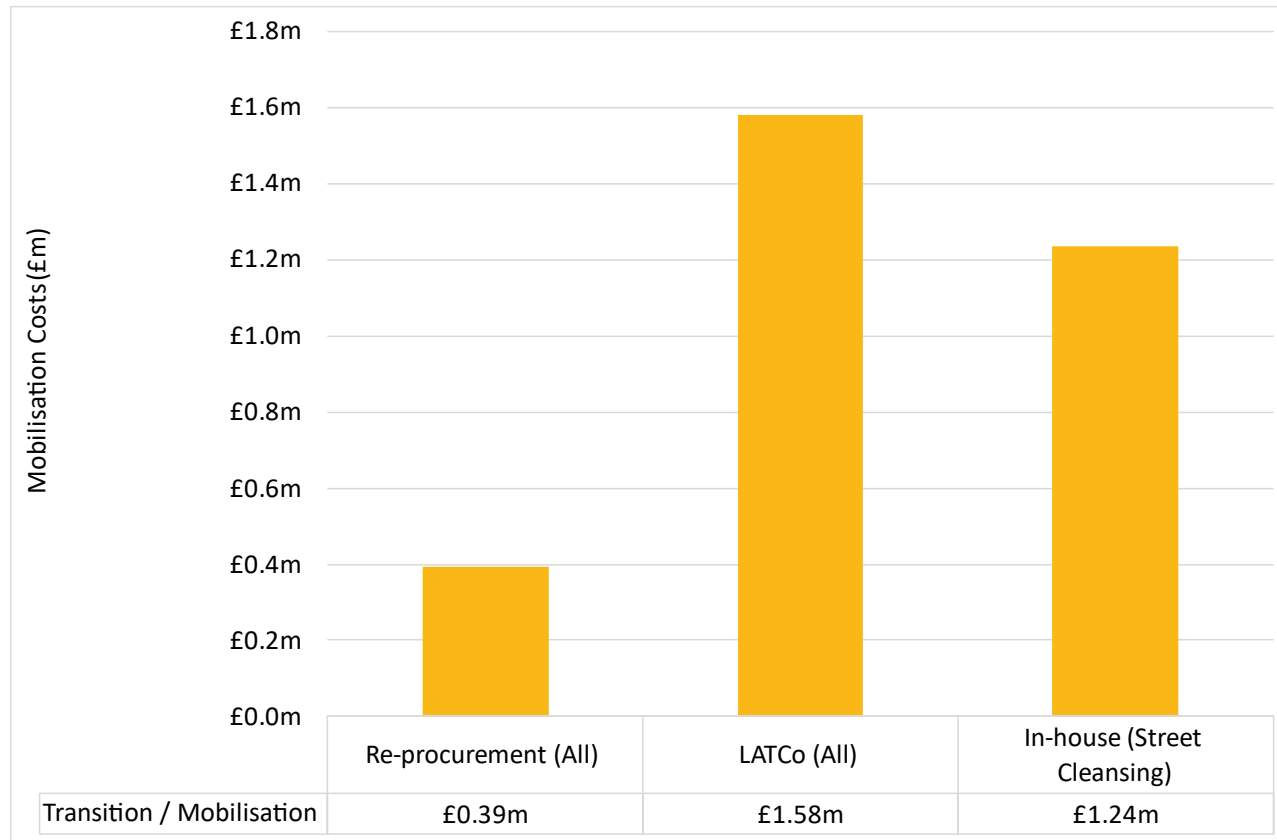
In the re-procurement option, a 12% margin has been applied which is the average target margin for contractors in waste contracts and includes profit and overheads such as payroll and other centralised functions. In the LATCo option there is a change in management structure, and a 3% margin has also been built into account for any unplanned expenditure and to provide risk contingency. In the hybrid option (Option D), a 12% margin was applied to the waste collection service with no margin applied for the street cleansing service.

3.3.2.4 Mobilisation Costs

The costs associated with transitioning to the options and mobilisation costs, which are all one-off costs, have also been modelled. The outcome of this can be seen in Figure 3-3.

The costs associated with transitioning to the LATCo option (Option C) are the highest at £1.58m. All options except the re-procurement option include significant one-off costs for the mobilisation and integration of digital applications as well as resource costs to prepare the transition to a new service delivery model. In the LATCo option (Options C) a new entity is being created which will require a significant amount of legal support and other LATCo set-up costs such as development of a business plan and branding. Re-procurement mobilisation costs other than depot costs include legal and technical support for the re-procurement process.

Figure 3-3: Mobilisation and Transitions Costs



3.3.2.5 Combined Costs

Table 3-8 provides combined annual costs and mobilisation costs over a 16-year period, assuming that the re-procurement options would run as two separate 8-year contracts. Recurring mobilisation costs refer to re-procurement costs that will be incurred before the start of each contract, whilst one-off mobilisation costs refer to in-house or LATCo set up costs that will only incur once, provided the Council does not change their service delivery method again in the future.

Procurement of all services (Option A) appears as the most cost-effective option over 16-years, with £3.9m savings over this period compared to the LATCo option (Option C) and £14.95m savings compared to the In-House Street cleansing option (Option D).

Table 3-8: Total Costs of Commissioning Options Over a 16-year Period

Cost	Re-procurement (All)	LATCo (All)	In-house (Street Cleansing)
Annual Cost	£21.48m	£21.65m	£22.36m
Mobilisation Cost - total	£0.39m	£1.58m	£1.24m
Mobilisation Cost - one-off	£0.00m	£1.58m	£0.92m
Mobilisation Cost - recurring	£0.39m	£0.00m	£0.00m
Total Over 16 years	£344.12m	£348.02m	£359.07m

Table 3-9 provides an overall summary of the results. Using the council's standard weighting criteria of 30% quality to 70% price, the scores from the financial modelling and the qualitative risk assessment have been ranked. The scores in the table demonstrate that the Re-procurement option is ranked first with the LATCo second and Street cleansing in-house third. When the qualitative and financial elements are taken together, Eunomia have recommended the Re-procurement option.

Table 3-9: Summary of Results

Cost	Re-procurement (All)	LATCo (All)	In-house (Street Cleansing)
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Total Over 16 years	£344.12m	£348.02m	£359.07m
Qualitative risk Assessment³	71%	54%	42%
Combined Score/100 (30% quality, 70% price)	92	86	80
Combined Evaluation Rank	1	2	3

3.4 Preferred Option

The recommended option to be taken forward is **Option A - Re-Procurement** of both waste management and street cleansing services through a combined contract.

- This was the cheapest of the three options taken forward into the FBC.
- This was the highest scoring option on the qualitative assessment.
- Re-procurement of all services carries the lowest operational risk of all options.
- Re-procurement allows sharing of cost and performance risks with the contractor, including introduction of a 'profit share' mechanism.
- Re-procurement allows the service to benefit from the sharing of knowledge and best practice from other contracts it has elsewhere.

³ This score has been calculated for price using a lowest total sum calculation where '(Price ranking (70) – option total sum-lowest total sum) ÷ lowest total sum) * price ranking (70)). For quality, the qualitative risk result has been multiplied by 30%.

- SMT has shown there is strong interest from service providers in the market.

3.5 Critical Success Factors

Critical success factors suggested and provided by WBC are shown in Table 3-10.

Table 3-10: Critical Success Factors

Factor	Description
Overall Affordability	Recommended option can be delivered within budget
Value for money	Recommended option delivers value for money for the residents of Wirral.
Strategic fit	Recommended option aligns with Wirral Plan priorities.
Flexible	Recommended option meets the level of service required.
Achievable	Recommended option can be delivered within timescales.
Minimisation of Risk	Recommended option presents the lowest risk.
Operational Improvements to service	Recommended option allows for potential for improvements to the service through updates to the spec and KPIs.
Successful Transition	Recommended option allows for a successful transition through the use of dialogue and a mobilisation period of 6-14 months where consideration can be given to fleet, ICT integration and inclusion of Street Cleansing.

4.0 Commercial Case: Viability

4.1 Soft Market Testing Outcomes

Soft Market Testing (SMT) is an early market engagement process that can gather information from potential suppliers before the formal procurement begins. This is vital for understanding suppliers' capabilities and their potential innovations. It also helps the council understand

what is possible within the market, including technical capabilities and potential challenges. Feedback from the suppliers can help refine the procurement exercise and ensure the requirements of the procurement are realistic and achievable.

The Council undertook a soft-market testing exercise to gain an early insight into the likely interest from the market in bidding for a street cleansing and waste collection contract in Wirral. Responses were received from 5 service providers, as follows:

- Bagnall & Morris (Waste Services) Ltd
- Biffa Waste Services Ltd
- FCC Environment (UK) Limited
- SUEZ Recycling and Recovery UK Ltd
- Veolia Environmental Services

A Soft Market Engagement Notice was published on 26th July 2024 and closed on 24th September 2024. Contractors were issued with a SMT information pack which set out WBC's current position and requested for interested parties to answer questions on six key themes, as follows:

- Operational
- Performance
- Technological/Digital
- Street Cleansing
- Fleet
- Contract Term

Follow-up interviews were conducted with all interested contractors to gain additional information and further insight into the likely level of interest in the opportunity and ways in which the Council could make it more attractive to the market. Overall, there was a good level of response and interest from the private sector which has given the Council confidence that it will receive several tender submissions and there will be a competitive exercise. This will inform the first stages of the procurement and has been an important step for engaging with the potential suppliers.

The discussions with contractors highlighted several areas for consideration for the Council, including:

- Provision of depot facility is key to receiving tender submissions.
- All responders acknowledged that a change management process will be needed to address existing workforce culture.
- The market has preference for the Council to purchase vehicles and equipment.
- Contract length suggested is 8 years plus 8-year extension (based of vehicle life expectancy), but depot investment timescale would require a longer contract length.

Overview of the Sessions in Summary:

- Good level of response and interest from the private sector.
- Confidence the Council will receive several tender submissions and there will be a competitive exercise.
- Provision of a depot facility is key to receiving tender submissions.
- Lots of ideas for service innovation put forward including technical solutions.
- Customer experience and service standards for both refuse collection and street cleansing can be transformed.
- All responders acknowledged that a change management process will be needed to address existing workforce culture.
- The market has preference for the Council to purchase vehicles and equipment.
- Contract length suggested is 8 years plus 8-year extension (based of vehicle life expectancy), but depot investment timescale would require a longer contract length.

The exercise highlighted that the contractors have lots of ideas for service innovation which the Council can consider in the drafting of its contract documentation and also invite bidders to put forward technical solutions as part of their tender submissions.

The contractors also indicated that they believed that customer experience and service standards for both refuse collection and street cleansing can be transformed.

Table 4-1: Summary of Market Engagement Responses

Theme	Key Points:
<p>1. Operational Including:</p> <p>Contamination • Support for MP enquiries & complaints • Sustainability/carbon performance & reduction • Narrow access • Modernisation & Culture (workforce) • POPs</p>	<ul style="list-style-type: none"> • Contamination: The majority of participating suppliers are trialling the use of Artificial Intelligence (AI) to deal with waste contamination. All participating suppliers expressed importance of continued education. • In-Cab Technology: All participating suppliers confirmed the use of in-cab technology to enable service delivery.

	<ul style="list-style-type: none"> • Managing of enquiries and complaints: All participating suppliers have embedded processes in place for the management and resolution of enquires and complaints.
<p>2. Performance Including:</p> <ul style="list-style-type: none"> • Absence levels • Performance measures • Future proofing performance metrics 	<ul style="list-style-type: none"> • Managing Performance: All participating suppliers have performance mechanisms in place. Procedures included KPIs, use of technology and camera systems. • Managing Absence: All participating suppliers had HR procedures in place for managing absence. Procedures included Bradford Factor System, having a pool of staff resource, incentivisation, established occupational health service, closing management and communication with workforce. • Working with an Incumbent Workforce: Participating suppliers outlined their approach to managing an incumbent workforce. Areas of consideration included working closely with Unions, develop and foster good relationships from the outset, develop a communication plan and to ensure a smooth mobilisation and transition period.
<p>3. Technological/Digital</p> <ul style="list-style-type: none"> • Real time • Worst areas of contamination • Resident app & integration 	<ul style="list-style-type: none"> • App: All participating suppliers confirmed they have a resident Apps which would be compatible and integrate with the Authority's back off systems, the App has single sign on capability and can be Wirral Council

	<p>branded. The App benefits from functionality such as 'push notifications.'</p> <ul style="list-style-type: none"> • Reporting: All participating suppliers confirm they could offer bespoke real-time data reporting.
<p>4. Street Cleansing</p> <ul style="list-style-type: none"> • Input/output • Options for targeted improvements in street cleansing • Integration 	<ul style="list-style-type: none"> • Input vs Output Specification – prescribed inputs for high demand and profile locations. Output approach for neighbourhood/residential areas.
<p>5. Fleet</p> <ul style="list-style-type: none"> • Vehicles and fuel type 	<ul style="list-style-type: none"> • Fuel Type: The majority of participating suppliers have experience of working with all vehicles and fuel types. Electric vehicles are currently not far reaching enough with crewing having to return to depots to recharge. Diesel is most cost-effective option. There is a trend of LAs opting for HVO vehicles. • Responsibility for Vehicle Purchase: All participating suppliers indicated a preference of Wirral Council purchasing the vehicle. However, indicated that they could facilitate the purchase and maintenance however this option would be more costly to the Authority. • Depot: The majority of participating suppliers indicated a preference for the Authority to provide a Depot. There is a trend of LAs sourcing their own Depots to futureproof and provide LAs with long-term security.

<p>6. Contract / Mobilisation</p> <ul style="list-style-type: none"> • Circular economy • Contract Length & Structure • Mobilisation • Staff training on new technology 	<ul style="list-style-type: none"> • Contract Length: The majority of participating suppliers recommended an 8+8 contract term. • Social Value Weighting: The majority of participating suppliers advised that Social Value is typically weighted at 10% • Mobilisation Period: Suggested mobilisation period varied from 6-14 months, consideration should be given to fleet, ICT integration and if relevant, inclusion of Street Cleansing.
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The full summary of the SMT are included in more detail in Appendix A.7.0.

4.2 Demo from Whitespace for IT system

To explore potential enhancements in municipal waste collection operations, we engaged Whitespace to demonstrate their advanced municipal waste collection software. This initiative aimed to evaluate how municipal waste software solutions support and optimise waste and street cleansing operations. The demonstration provided valuable insight into the software's capabilities, including route optimisation, real-time tracking, and data analytics, which are all crucial for improving efficiency, reducing costs, and enhancing service delivery. The demonstration helped support our thinking around a LATCo delivery model.

In addition we also had the chance to explore other municipal waste software solutions during the soft market testing exercise. The alternatives discussed offered comparable functionality to Whitespace, providing us with the same level of confidence regarding outsourced delivery models.

4.3 Operational difficulties in existing Council LATCOs

A report provided by the legal team at Wirral presented a number of potential risks from setting up a LATCo to provide waste and recycling services. This document is included in Appendix A.6.0, but summarised here. Risks highlighted include:

- **Equal pay claim risk** – If employees of the Council and a LATCo are not employed on equal terms, then there is a risk that this could lead to an equal pay claim.

- **Governance risk** – Risk around ensuring the governance structure is right from the offset and legal advice would be required to ensure the relationship is appropriate.
- **TUPE risk** - The Transfer of Undertakings (Protection of Employment) Regulations 2006 apply where the whole or part of a business undertaking is transferred from one employer to another including where a service is brought back in-house or transferred to another outsourced supplier. The current terms and conditions of the Biffa workforce are unknown and so due diligence would be required to assess potential liabilities.
- **Procurement risk** – A LATCo must comply with the same procurement rules as its' public authority owner. Whilst a LATCo can engage in procurement activity, it does not participate in the more relaxed procurement regime of a private sector organisation.
- **Tendering risk** – A LATCo could be limited from securing external contracts due the perceived lack of financial substance and lack of breadth of customer base.

This document also highlighted the situation of the existing council LATCo Wirral Evolutions which is a company wholly owned by the Council, set up to run adult daycare. The organisation encountered issues as the it was not able to satisfy external organisations seeking tender submissions for their contracts in daycare. The company had its contracts withdrawn to be replaced by services supplied directly by the Council. Some of the workforce were in the NEST pension scheme and upon transfer to the council were enrolled in LGPS. This cost had to be incurred by the council.

5.0 Financial Case: Affordability

5.1 Quantification of Risk and Associated Contingency

With the previously mentioned challenging budget position faced by Wirral Council for the current financial year, affordability is a significant risk.

5.1.1 Procurement Approach

Based on Eunomia's wealth of experience in conducting procurement exercises, the market's preferred procurement route is one which includes the opportunity for negotiation or dialogue. The reason for this is that it allows the Council and the bidder to discuss key issues and potential solutions. The Council may wish to discuss areas such as:

- Affordability
- Commercial Risk

- Performance Risk
- Social value and community involvement
- Service standards
- IT and innovation
- Resident engagement and communications

There are several approaches the Council could take to manage affordability including:

- Giving a target price to the market and a higher-level specification to invite their proposals and how best to meet the Council's affordability envelope.
- Setting out the Council's 'ideal' specification requirements and then inviting bidder proposals for ways to reduce the costs by amending the specified requirements.
- Taking a greater proportion of the risk on areas related to future potential cost increases, performance matters, liabilities, future service changes etc

The Procurement Act 2023 repeals current procurement legislation (the Public Contract Regulations 2015, Utilities Contracts Regulations 2016, Concession Contracts Regulations 2016, Defence and Security Public Contracts Regulations 2011) and consolidates them into the Procurement Act 2023 as scheduled and comes into effect on 24th February 2025. In terms of the impact of the July 2024 General Election, the Cabinet Office announced on 12 September 2024 that the implementation would be delayed from 28th October 2024 to February 2025.

5.2 Project Costs: £21.48m per Annum

The estimated annual cost in 2027, at the onset of the contract for Option A: Procurement was **£21.48m**. A breakdown of these modelled costs have been described in Figure 5-1 compared to equivalent modelled costs for a 2027 Baseline.

In addition to these annual service costs, **£0.39m** of annual mobilisation costs have been modelled (lowest amongst modelled options in the FBC). This is made up of only repeated annual mobilisation costs.

As explained in Section 3.3.2.4, the majority of this cost (**around £3m**) is associated with obtaining a new depot, with the remaining being additional resource requirements and digital improvements. A 15% contingency of total transition and mobilisation costs is also included equalling around **£0.33m**.

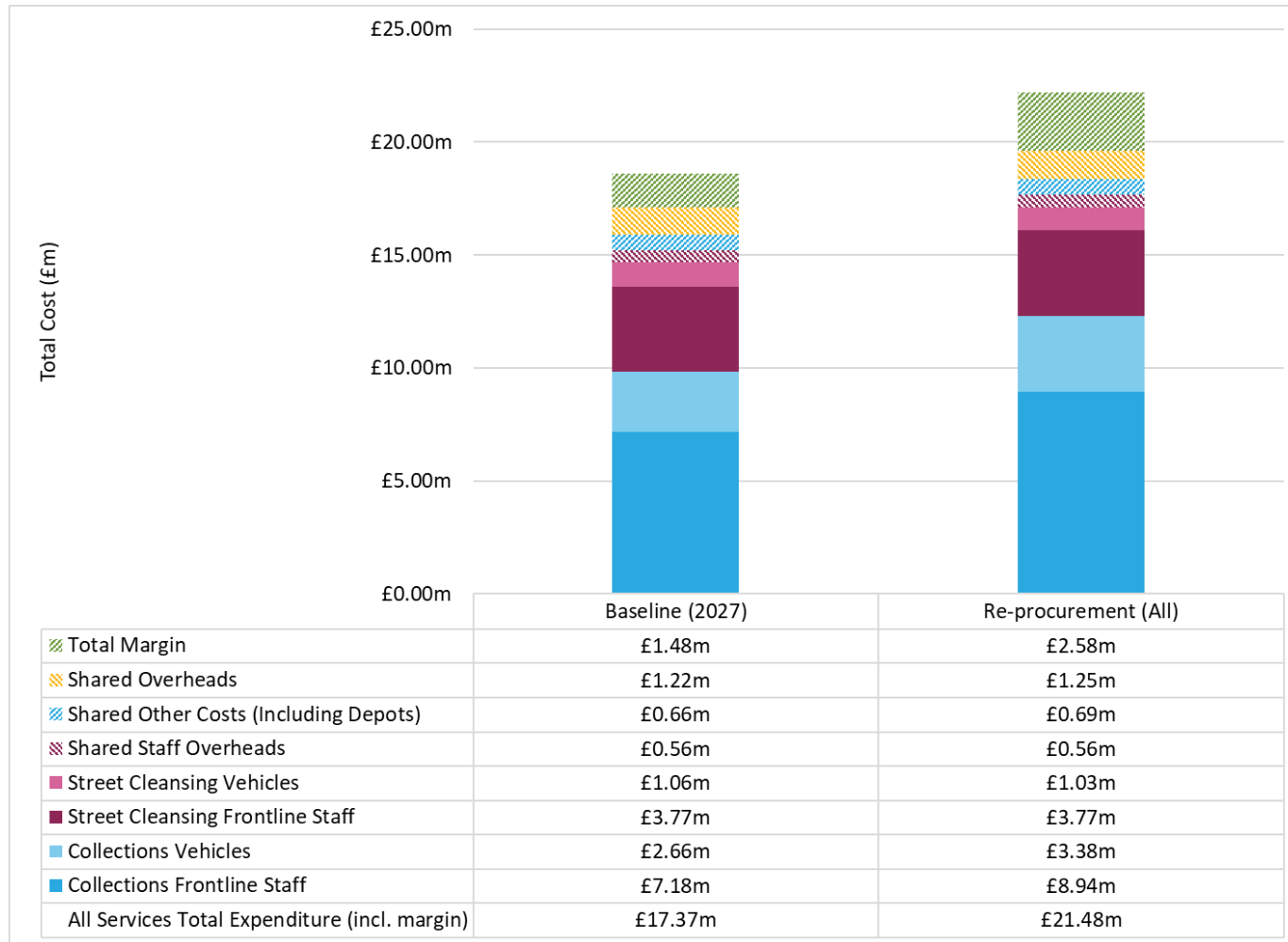
As outlined in Section 3.3.1, current Biffa contract expenditure amounted to **£13.47m** in 2022/23 (**£9.06m** refuse and recycling collections, **£4.41m** street cleansing services). This, inflated to the baseline year costs (applying CPI to baseline year costs), had the estimated total costs of **£17.37m**,

as outlined in Section 3.3.2. This modelled total annual cost for the preferred option is **£4.12m** more than the calculated 2027 baseline costs of **£17.37m**.

The main difference in costs between re-procurement and the 2027 baseline costs are because:

- A 12.0% margin is included in procurement compared to 8.50% in the baseline, totalling an additional **£1.1m**
- Introduction of food waste collections incurs additional costs of around **£2.02m**

Figure 5-1: Detailed Breakdown of Preferred Option Modelled Costs at Onset of Contract



5.3 Source of Funding

Table 5-1: Source of Funding

Source of Funding	Total £
Depot Capital Spend	£4.13m
Vehicle Capital Spend	£13.94m
Total	£18.07m

6.0 Management Case: Achievability

6.1 Project Approach

The project will be delivered through carrying out a Procurement Act 2023 compliant tendering exercise, utilising a process that incorporates some form of negotiation or dialogue with bidders. This approach will enable the Council to shape an affordable solution through the procurement process. The Council is already progressing the drafting of a new contract specification and suite of Key Performance Indicators (KPIs) for the new contract.

The Council has internal support from the waste team, legal services, procurement officers and finance officers. The Council is also pursuing external legal support to develop the contract conditions and specification.

6.1.1 Evidence of Similar Projects

The Council has successfully procured and managed the existing waste collection and street cleansing contract which is currently in its second contract term. The lessons learned from managing this contract, coupled with sector innovation will be used to inform the development of the specification for the new contract.

An internal audit review of the operation of the current Refuse Collection and Street Cleansing Contract was carried out in the autumn of 2024, one of the reasons for this task was to provide assurances and any necessary input into the ongoing processes for the future management of refuse collection and street cleansing services. Feedback from engagement with Committee members highlighted a request and expectation that the review exercise will drive service innovation and that existing performance related issues will be resolved as part of the new management arrangements.

There was a positive outcome from the audit and the Audit & Risk Management Committee, subsequently acknowledged that 'for a contract of this size that the evaluation of the governance, performance, and financial aspects examined, did not lead to any high priority or urgent recommendations'. The internal audit report was presented at Audit & Risk Management Committee (AMRC) meeting 22 October 2024.

Wirral have previously in-sourced a highways contract from Amey. Lessons learnt from this project include:

Challenges:

- TUPE transfer process

- Strained client / contractor relationship
- De-mobilisation / financial closure of the outgoing contract (financial closure likely to continue into 2019)
- Senior management re-structure and office moves
- Availability of resources
- Commercial knowledge of outgoing contractors supply chain
- Civil contracting landscape

What was learnt:

- Multi disciplined project board worked well
- Early risk workshops with key stakeholders were invaluable
- Appreciate scale & complexity of commissioned elements early on
- Be prepared to flex project plans due to other competing projects
- Ensure clarity of brief with external 3rd parties
- Be aware internal dependencies on TUPE
- Consider shadow arrangements for key operational roles
- Ensure key decision makers are involved from the start

6.1.2 Market Review

The current marketplace for waste collections contracts is constrained to 5-6 main bidders and there is a substantial number of contracts being re-tendered across the country in the next three years. Therefore, if this is an option WBC would like to move forward with, we would

recommend a robust procurement strategy is developed to manage these risks. Furthermore, engagement with the market operators will be vital to ensure their interest and participation in any future procurement.

For those authorities who had outsourced their waste contract, a common view was that this brought with it up to date industry knowledge and expertise, including access to benchmarking information, as well as greater levels of innovation. Furthermore, it was noted that an outsourced arrangement can provide greater security for service continuity as the contractor can provide access to staff and vehicles from their nearby contracts. Multiple officers also noted that they feel an outsourced contract brings with it ancillary benefits such as social value impacts in the local area, for example through provision of a community benefit fund. Outsourcing (if done well) enables access to specialist resources and knowledge, as well as economies of scale that can lead to cost savings, increased market confidence and improved delivery of services. It can also offer increased resilience, flexibility, and innovation. However, it is important to consider the risks and challenges associated with the approach, such as legal and financial obligations, and ensuring effective contractual management.

Outsourced services can offer better value for money and have, in certain situations, resulted in significant financial savings, particularly for those authorities with combined contracts. Such savings can be achieved due to economies of scale and greater purchasing power which market operators benefit from.

The outsourced approach allows the authority to hold the contractor to greater contractual and political account for the service delivery and issues that may arise with the waste service. This is done through contractual elements such as KPIs and related payment mechanisms. Interestingly, one officer from an In-House service expressed a similar view when contrasting their ability to manage a contract's efficiency compared to an outsourced service.

Operational risks will be mitigated through the procurement process by ensuring that bidders are required to provide robust mobilisation plans as part of the evaluated tender submissions and exit plans on how they will manage an effective transition to a new contract upon expiry.

Table 6-1: Overview of Commissioning Arrangements for Local Authorities

	In-house	LATCo	Outsourced
Waste Collections	182	35	119
Street Cleansing	44	8	38

6.2 Depot Space

At present the Council does not own its own depot from which to operate waste collection services as the operational depot the services are currently delivered from is owned by Biffa. The private sector are keen to understand the arrangements for the depot and this has been a focus of conversations for the SMT.

We understand that if street cleansing services were brought in-house, the Council could use existing depots to base the street cleansing operation from, following investment to improve and reconfigure the existing sites. This may lead to an increase in depot costs as operations will cover multiple sites. In the LATCo scenario the Council would need to source further depot space from which to operate the waste collection services.

In the outsourced model, there is a substantial risk associated with the current depot situation. All bidders except for Biffa (who own the current waste operational depot) would need to secure a site to operate the waste services from which may be challenging within the procurement timeframes. This may affect bidders' appetite to bid. However, it is understood that the Council's waste team is liaising with the Council's Regeneration Team regarding the use of the mothballed corporate depot at Dock Road. It is felt that this site would need to accommodate both street cleansing and waste collection to maximise efficiencies of these services combined.

In support of the Council's consideration of alternative fuels, Eunomia has calculated indicative footprint requirements for the operation of the waste collection and street cleansing service as shown below. This shows the indicative footprint for EV charging of smaller vehicles with HVO.

The overall estimated footprint required for a HVO tank would be **~220m²**. The estimated footprint required for the parking spaces in is **~630m²** (including 1m for EV charging). This is indicated in **Error! Reference source not found.** and Figure 6-2**Error! Reference source not found.**

Figure 6-1: Indicative Footprint for HVO Biofuel Tank

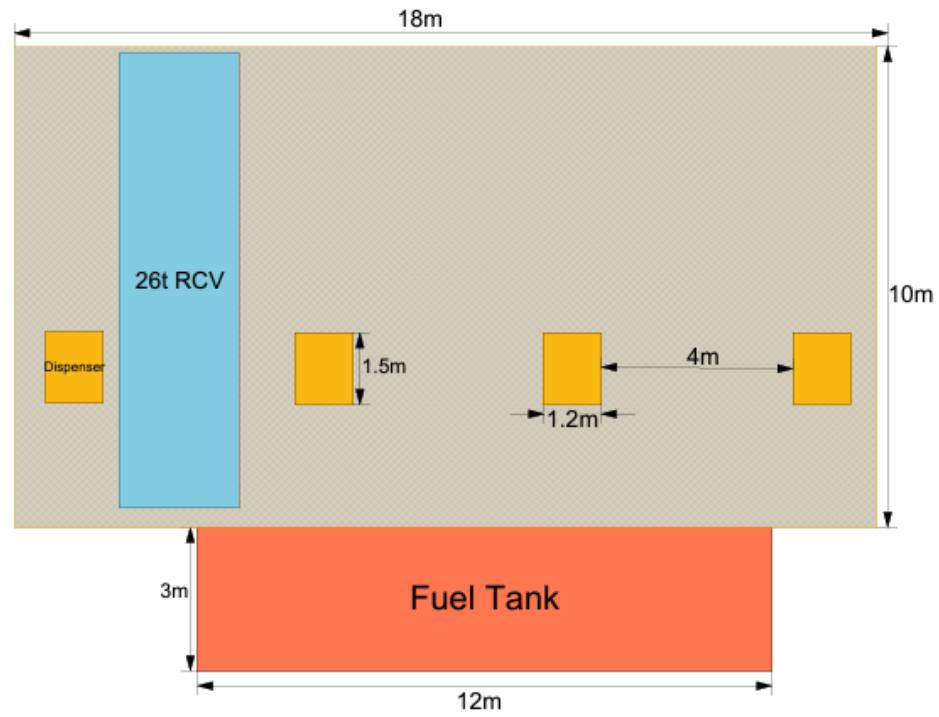
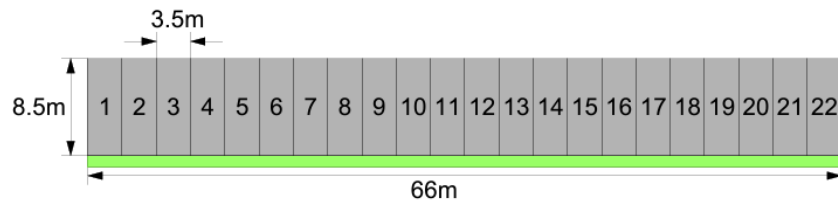


Figure 6-2: Indicative Footprint for EV Charging of Smaller Vehicles



6.3 Resources Required

The following resources will be required to deliver this project:

Part a – procurement process resources

- Legal/external legal advisors
- Procurement
- Waste team
- Finance
- Project Management Office
- H.R.
- Advice from MRWA.

Part b – ongoing contract management

- Contract Manager (within waste team)
- Waste team
- Procurement
- Finance
- Legal
- H.R.
- Advice from MRWA.

6.4 Benefits Realisation

Wirral officers have developed a benefits log to outline the potential benefits of the Refuse Collection & Street Cleansing programme.

The key benefits identified are:

- Best value;
- Flexibility around variations to contract;
- Greater control over street cleansing;
- Opportunity to transform service provision;
- Streamline and/or consolidate contracts;
- Economies of scale with other services;
- Improve the service;
- Modernise Service Provision;
- Better alignment with policy;
- Increased focus from contractor; and
- Social value

6.5 Assumptions and Constraints

6.5.1 Assumptions

The modelling and cost assumptions are listed in Appendix A.1.0

6.5.2 Constraints

The main constraint of this FBC and the findings contained within are the number of assumptions that have had to be made about current Biffa costs (as many of these were not provided). These include factors such as:

- Staff salaries – we had hourly rates from the 2022 pay award and have made an assumption that the 2023 and 2024 awards were each 5%;
- Profit and overhead
- Fuel use and cost
- An assumption that the current service is efficient and effective (reviewing service efficiency was outside the scope of this project)

In addition, the FBC has not taken account of nor estimated future cost rises e.g. in rates of pay, fuel costs, vehicle purchase prices etc. and the prices are based on the cost of such items in the current market, at the present time.

6.6 Interdependencies

Table 6-2: Interdependencies

In/Out	Project, person, or resource dependent upon (IN) or that dependent upon this project (OUT)	Description of dependency (e.g. complete rollout of the project of the development of a particular part of it)
Depot	IN	The procurement of a replacement contract is dependent upon the Council deciding on a depot solution.

Collection System

IN

The procurement is dependent upon the Council deciding on its future waste collection system and how it will incorporate the requirements of Simpler Recycling.

6.7 Key Stakeholders

Please see the list of stakeholders including the method of contact and level of influence in Appendix A.3.0.

6.8 Project Schedule

Please see the indicative timeline produced by Wirral in Appendix A.4.0. This timeline is subject to change.

6.9 Procurement Timeline

Wirral have provided an indicative procurement timeline, as shown in Figure 6-3. A full copy of Eunomia's estimated procurement timeline is available upon request.

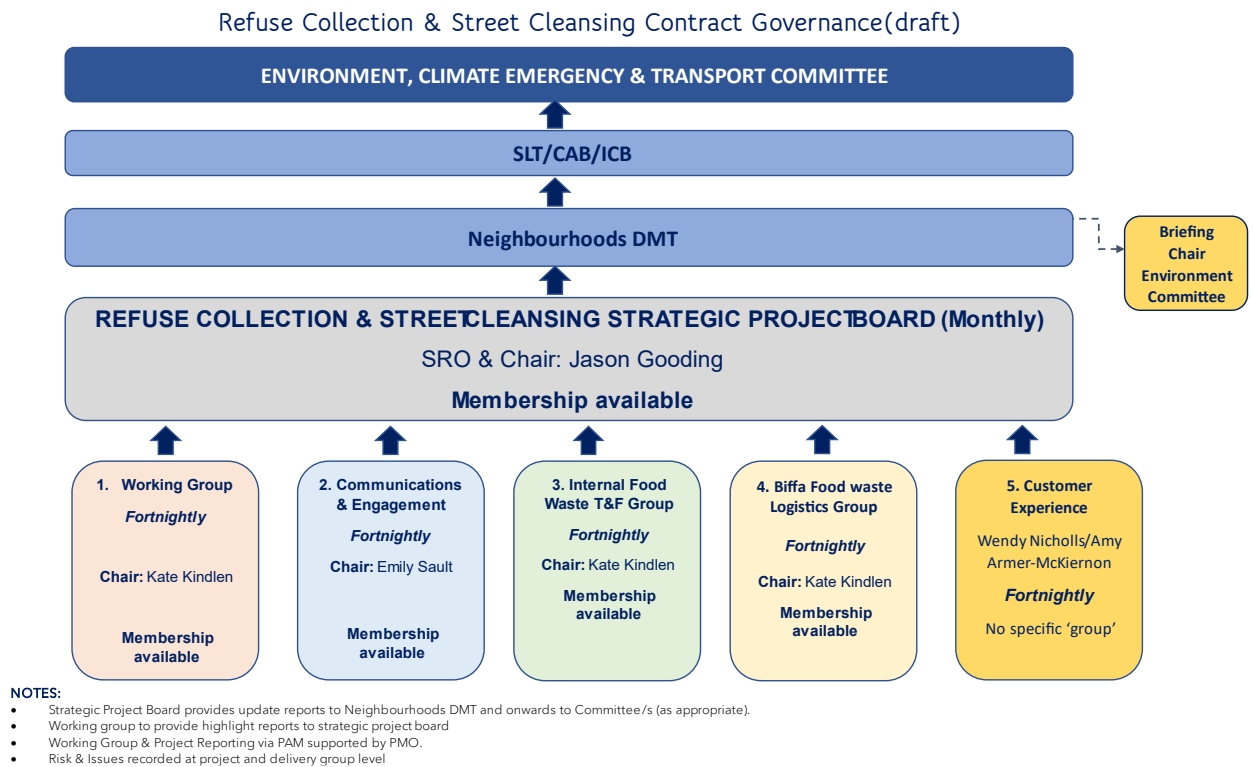
Figure 6-3: Wirral Indicative Procurement Timeline

		Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27
Project initiation	Nov 26 - Dec 26	█										
Requirements gathering	Dec 26 - Jan 27		█									
System design	Feb-27				█							
Software & hardware development	Mar 27 - May 27					█						
Integration	Apr 27 - May 27					█						
User acceptance testing	May 27 - Jun 27							█				
Training & documentation	Jun 27 - Jul 27								█			
Go live	Jul-27									█		
Post-implementation support	Aug-27										█	
Review and closure	Sep-27											█

6.10 Progress Monitoring and Reporting Arrangements

Figure 6-4 provides the progress monitoring and reporting arrangements for this project.

Figure 6-4: Progress Monitoring and Reporting Arrangements



6.11 Project Risk Assessment

WBC officers have a full project risk log which can be provided on request. The risk log is reviewed within each monthly strategic project board and a senior officer at the Council facilitates quarterly deep dive sessions to ensure we revisit the risks and relevant scoring attached (a more detailed copy of the risk and issues log is available upon request):

Table 6-3: Main Risks Currently Flagged as High

Category	Risk
Financial	<p>Resources aren't adequately determined and allocated, considering the Council's other interdependencies.</p> <p>The Council MTFP and budget pressures could result in inadequate ongoing funding available when preferred options are agreed to fully implement the new solution.</p>
Political	<p>Changes to the Political landscape and/or changing statutory guidance.</p> <p>Electoral activity could impact the original project scope/approach/delivery timescales of the project and our ability to remain compliant.</p>
Financial	<p>Not receiving new burdens funding in time. There will be a significant impact if the Council does not receive clarification of the funding with sufficient notice to implement the new food waste service.</p>

7.0 Future State Considerations

7.1 Organisational and Operational Impact

There will be limited impact as the preferred option is to continue with the current outsourced arrangement. Any changes experienced by the council as a result of re-procurement are likely to result from modifications to the specification. These have not been considered as part of this report as they are not linked to the decision on how services are delivered in the future.

7.2 Legal Implications

The Council will need to comply with the statutory requirements of Simpler Recycling and the Environment Act 2023, alongside the Procurement Act 2023 which will be effective from February 2025.

7.2.1 The Procurement Act 2023

The Procurement Act 2023 repeals current procurement legislation (the Public Contract Regulations 2015, Utilities Contracts Regulations 2016, Concession Contracts Regulations 2016, Defence and Security Public Contracts Regulations 2011) and consolidates them into the Procurement Act 2023 as scheduled and comes into effect on 24th February 2025. In terms of the impact of the July 2024 General Election, the Cabinet Office announced on 12 September 2024 that the implementation would be delayed from 28th October 2024 to February 2025. The Government has explained that the reason for the delay is to allow time to produce and publish a revised National Procurement Policy Statement.

It is important to note that Eunomia is providing this information in a technical capacity and that full legal advice should be sought by the Council to ensure that their specific circumstances are aligned with the Procurement Act 2023 and all other relevant legislation, prior to making any decisions about the conduct of any such procurement process.

7.2.1.1 Changes to Procurement Objectives

The new regulations aim to create a simpler and more flexible process for public procurement, with a shift in focus from awarding the "Most Economically Advantageous Tender" to the "Most Advantageous Tender".

Table 7-1 below compares the principles set out in the Public Contract Regulations (PCR) 2015 with the new objectives of the Procurement Act (PA) 2023.

Table 7-1: Comparison of Current Principles (PCR 2015) Against New Objectives (PA 2023)

Current Principles (PCR 2015)	New Objectives (PA 2023)
Equality	Must have regard for: <ol style="list-style-type: none"> 1. Value for money 2. Maximising public benefit 3. Sharing information (transparency) 4. Acting with integrity
Non-discrimination	Must treat suppliers the same – unless a difference between suppliers justifies different treatment .
Transparency	If different treatment is justified – must take all reasonable steps to ensure it doesn't disadvantage or advantage unfairly .
Proportionality	Must have consideration for small and medium enterprises and the barriers they face and consider whether those barriers can be removed or reduced.

Ultimately, it is not expected that the changes outlined in Table 7-2 would have a material impact upon WBC's future re-procurement exercise.

7.2.1.2 Changes to Procurement Routes

Part three of the Act introduces a new procedure for running a competitive tendering process - the competitive flexible procedure (CFP) - allowing contracting authorities to design a competition to best suit the particular needs of their contract and market. The number of procurement routes has been consolidated, bringing the most commonly used procurement procedures for environmental services contracts (Restricted, Competitive Procedure with Negotiation and Competitive Dialogue) under a single process, as shown in Table 7-2 below:

Table 7-2: Comparison of Current Procedures (PCR 2015) Against New Procedures (PA 2023)

Current Procedures (PCR 2015)	New Procedures (PA 2023)
Open procedure	Open procedure (similar to before)
Restricted procedure	Competitive flexible procedure (CFP) Intended to "give buyers freedom to negotiate and innovate to get the best from the private, charity and social enterprise sectors".
Competitive procedure with negotiation (CPN)	
Competitive dialogue (CD)	
Innovation partnership	
Design contests	
Light touch regime	Light touch contracts
Negotiated procedure without prior publication	Direct award procedures

The competitive flexible procedure must be proportionate to the nature, complexity and cost of the contract re-procured. This procedure allows:

- Selection stages – contracting authorities may set conditions of participation if it is satisfied that the conditions are a proportionate means of ensuring that suppliers have the legal and financial capacity to perform the contract or the technical ability to perform the contract.
- Intermediate assessments of tenders, which may lead to a reduction in the number of bidders.
- Refining award criteria prior to calling for final tenders, so long as this does not impact any disqualifications.

Ultimately, the CFP allows greater flexibility for designing procurement procedures compared to the procedures under PCR 2015 (and this is the procedure Eunomia would recommend WBC use in any future procurement). As such, when WBC come to planning for the re-procurement process, they will need to determine the exact nature of the procurement process they wish to follow. This may well be a CFP which follows the same stages as the previous CD procedure, or it may seek to combine the CD and CPN into one process. If timelines for WBC prove difficult, the CFP allows the Council to cut out stages, for example, a CFP could follow a 'CD' process with the initial stage of dialogue removed so as to save time.

7.2.1.3 Improved Transparency

The Act introduces 17 types of notices to improve transparency relating to procurement processes.

The Act also introduces a new oversight unit, The Procurement Review Unit, which will have responsibility for overseeing:

1. Compliance Review Service – Reviewing contracting authority compliance with the new legislation and making recommendations if non-compliance occurs.
2. Public Procurement Review Service – Enhancing the services offered to suppliers to maintain fairness within the public sector procurement landscape.
3. Debarment Review Service – Considering and/or conducting investigations into suppliers where their past behaviour or circumstances mean that potentially, they should not be allowed to participate in covered procurements or be awarded public contracts.

WBC will need to ensure that their procurement team are familiar with the range of new notices that must be published to ensure compliance with the new legislation.

7.2.1.4 Exclusions and debarment

Part three of the Act makes clear the circumstances which make suppliers unfit to bid for public contracts including serious misconduct, unacceptably poor performance, or other circumstances which make the supplier unfit to bid for public contracts. Contracting authorities will therefore be able more easily to reject bids from suppliers which pose unacceptable risks. Additionally, a debarment list will be introduced including suppliers which are excluded from participating in public procurements to protect public contracts and public money from suppliers who pose unacceptable risk.

7.2.1.5 Contract Management

Part four of the Act sets out steps that must be taken by the contracting authority to manage a contract. This includes the strengthening of rules ensuring that suppliers are paid on time and new requirements to

assess and publish information about how suppliers are performing. WBC will need to ensure they are keeping abreast of their new requirements to publish such information.

7.3 Staffing Implications

Whilst we have covered the operational staffing elsewhere in the FBC, the project will require staffing investment in the short-term to undertake the procurement process including but not limited to:

- Input from the waste and street cleansing team to draft contract documents, participate in dialogue, and evaluate submissions
- Procurement team to manage the process
- In-house legal support
- Technical advisors if required
- External legal support if required

7.4 Technology/Data Migration

The successful delivery of the project hinges on careful planning and execution. Addressing technology requirements early, with particular focus on customer experience, efficiency and effectiveness is key.

Through customer journey mapping, soft market testing and research WBC has identified the key digital components required to successfully deliver a future municipal waste and street cleansing service that will deliver on the priorities set out in the Wirral Plan.

7.4.1 Omni-Channel

An omni-channel approach is a strategy where a business integrates all its channels to provide a seamless and consistent customer experience. This means that whether a customer interacts with the company through a physical store, a website, a mobile app, social media, or any other channel, they receive the same level of service and information. An omni-channel approach ensures a seamless, integrated customer experience across all interaction points, offering convenience, consistency, and personalisation. Customers can effortlessly switch between channels while receiving uniform information and service quality, leading to enhanced customer service, increased engagement, and higher satisfaction. Supporting an omni-channel approach to resident engagement will be an essential part of the new contract.

7.4.2 Customer relationship management (CRM)

Customer issues and requests will be routed to the CRM, seamlessly integrating with key systems like the contractor's business application, in-cab, and mobile devices. This integration, achieved through application programming interfaces (API's), enables customers to track service requests and receive timely updates.

7.4.3 Artificial intelligence (AI)


AI will be utilised to automate processes, provide feedback and support, and resolve common issues, thereby improving response times and customer satisfaction. Additionally, it can increase recycling rates by identifying contaminants in waste collection flows, identify illegal dumping and optimise collection and street cleansing routes.

7.4.4 Performance dashboards

By utilising performance dashboards, the business can monitor real-time service data and performance, enabling a proactive approach to contract management.

7.4.5 Data, insight, and predictive analytics

Leveraging data, insights, and predictive analytics in waste and street cleansing services offers numerous customer benefits, including but not limited to; improved service efficiency through optimised collection routes, enhanced cleanliness with real-time monitoring, and personalised services tailored to local needs. These technologies contribute to environmental sustainability by helping to reduce emissions and increase recycling rates, savings costs from efficient use of resource allocation.

The council will enhance its current CRM platform, Granicus by improving integration and automation. This will lead to better customer service by providing more accurate tracking and updates to customers. The council has recently engaged Microsoft as its digital transformation partner. This initiative aims to significantly enhance customer experience, streamline business processes, and improve operational efficiency through a digital-first approach. By leveraging omni-channel technology, AI, and data analytics, we are committed to delivering superior service and operational excellence. 

We do not envisage any data migration requirements at this stage, however as the project progresses, we may encounter scenarios necessitating data migration, such as system upgrades, consolidations, or transitions to cloud-based solutions. Should the need arise, our strategy will involve a comprehensive assessment of our current data environment, followed by the establishment of clear migration objectives and success criteria. We will develop a detailed plan encompassing data extraction, transformation, and loading (ETL) processes, along with rigorous validation and testing to ensure data integrity. A robust backup and recovery plan will be in place to mitigate risks. Throughout the process, we will maintain transparent communication with stakeholders and provide regular progress updates. Post-migration, a thorough review will confirm that all data has been accurately transferred and meets our defined objectives.

7.4.6 Land Audit Management System (LAMS)

The Land Audit Management System (LAMS), developed by the Association for Public Service Excellence (APSE), is a quality inspection tool for monitoring grounds maintenance and street cleansing. It allows local authorities to measure service quality and benchmark against others. The advantages of using LAMS include systematic quality monitoring, performance benchmarking, data-driven decision-making, operational efficiency, and enhanced transparency and accountability in service provision.

Table 7-3: PMO Document Review Control

PMO Document Review Control	
(for use by PMO only)	
Document Name	Full Business Case Template
PMO Document Number	2.1
Version	1
Last Review Date	28/02/2024
Next Review Date	February 2025

Table 7-4: Review History

Review History		
Review Date	Changes Made	Reviewed By

Appendix

A.1.0 Appendix 1 – Modelling Assumptions

A.1.1 Baseline Inputs and Assumptions

Table 7-5: Staff Numbers per Role Provided by Biffa

Staff Role	Baseline
Operative - Waste and Recycling Collections	53
Operative - Garden Waste Collections	14
LGV2 driver - Waste and Recycling Collections	45
LGV2 driver - Garden Waste Collections	7
3.5 ton driver - Waste and Recycling Collections	2
Senior Business Manager - Management - TUPE	1
Transport Manager - Management - TUPE	1
Collections Manager - Waste and Recycling Collections	1
Street Cleansing Manager - Street Cleansing	1
Admin Manager - Admin - TUPE	1
Admin assistant - Admin - TUPE	3
Supervisor Collections - Waste and Recycling Collections	3
Supervisor Streets - Street Cleansing	3
7.5 ton driver - Bulky Waste Collections	1

Operative - Bulky Waste Collections	1
Operative - Street Cleansing	43
WE Operative - Street Cleansing	6
3.5 ton driver - Street Cleansing	12
WE 3.5-ton driver - Street Cleansing	4
7.5 ton driver - Street Cleansing	6
LGV2 driver - Street Cleansing	4
Workshop Manager - Workshop	1
Workshop Fitter - Workshop	2
Workshop Apprentice - Workshop	2
TOTAL	217

Table 7-6: Staff Rates Modelled

Roles	Base Hourly Rates (Biffa 2022)	2024 Base Rates
LGV2 Driver	£14.70	£16.21*
Refuse Collector	£14.15	£15.60*
Street Cleansing Operative	£13.24	£14.19**

* 2024, 5% increase per year

** Average of street cleansing operative staff grade (£13.85 to £14.53 per hour)

Table 7-7: Staff Rates per Role (Eunomia's Assumptions)

Roles	Hourly Rate	Weekly Hours	Annual Salary
Operative - Waste and Recycling Collections	£15.60	40	£32,448.78
Operative - Garden Waste Collections	£15.60	37	£30,015.12
LGV2 driver - Waste and Recycling Collections	£16.21	40	£33,710.04
LGV2 driver - Garden Waste Collections	£16.21	37	£31,181.79
3.5 ton driver - Waste and Recycling Collections	£15.91	40	£33,097.76
Senior Business Manager - Management - TUPE	£28.00	40	£58,240.00
Transport Manager - Management - TUPE	£19.23	40	£40,000.00
Collections Manager - Waste and Recycling Collections	£22.00	40	£45,760.00
Street Cleansing Manager - Street Cleansing	£22.00	40	£45,760.00
Admin Manager - Admin - TUPE	£14.50	40	£30,160.00
Admin assistant - Admin - TUPE	£13.00	40	£27,040.00
Supervisor Collections - Waste and Recycling Collections	£19.36	40	£40,268.80
Supervisor Streets - Street Cleansing	£19.36	37	£37,248.64

7.5 ton driver - Bulky Waste Collections	£14.47	37	£27,847.59
Operative - Bulky Waste Collections	£14.19	37	£27,301.56
Operative - Street Cleansing	£14.19	37	£27,301.56
WE Operative - Street Cleansing	£14.19	30	£22,136.40
3.5 ton driver - Street Cleansing	£14.47	37	£27,847.59
WE 3.5-ton driver - Street Cleansing	£14.47	30	£22,579.13
7.5 ton driver - Street Cleansing	£14.47	37	£27,847.59
LGV2 driver - Street Cleansing	£16.21	37	£31,181.79
Workshop Manager - Workshop	£16.00	37	£30,784.00
Workshop Fitter - Workshop	£13.24	37	£25,473.76
Workshop Apprentice - Workshop	£10.00	37	£19,240.00

Box 1: Bank Holiday Assumptions

- Assumed that **100% of frontline collection staff work** on Bank Holidays (except Christmas Day, Boxing Day and New Years' Day) – garden waste is Good Friday only
- Assumed **1 collections supervisor** works on Bank Holidays
- Assumed **20% of frontline street cleansing staff** work on Bank Holidays
- Assumed **1 street cleansing supervisor** works on Bank Holidays
- Assumed that management and administrative staff do not work on Bank Holidays
- Biffa's pay for Bank Holidays: 5 days' pay, or 4 days' pay and a day in lieu
 - Assumed 5 days' pay for modelling purposes

Box 2: Overtime Assumptions

Week and Saturday:

- Assumed **3% of overtime for all frontline collections staff and supervisors** (except for garden waste)
- Assumed **3% of overtime for all street cleansing staff and supervisors**
- Applied Biffa's overtime pay of x1.5

Sunday:

- No overtime assumed for **collections staff and supervisors**
- Assumed **3% of overtime for all street cleansing staff and supervisors**
- Applied Biffa's overtime pay of x2

No overtime assumed for management and administrative roles

Table 7-8: Number and Type of Vehicles Provided by Biffa

Vehicle Type	Baseline
RCV 16T	1
RCV 18T	2
RCV 26T	26
RCV 32T	7
ROAD SWEEPER 2.6T	1
ROAD SWEEPER 4.5T	6
ROAD SWEEPER 15T	4
VAN 3.5T	14
FLAT BED 5.2T	1

FLAT BED 7.5T	7
CAGE TIPPER 7.5T	1
Spare RCV 26T	2
Hired Support RCV 26T	3
TOTAL	75

Table 7-9: Assumed Cost per Vehicle

Vehicle Type	Baseline
RCV 16T	£153,000.00
RCV 18T	£166,500.00 and £185,000.00 (variation due to differing purchase dates)
RCV 26T	£184,500.00
RCV 32T	£202,500.00
ROAD SWEEPER 2.6T	£105,000.00
ROAD SWEEPER 4.5T	£105,000.00
ROAD SWEEPER 15T	£160,000.00
VAN 3.5T	£85,000.00
FLAT BED 5.2T	£49,500.00
FLAT BED 7.5T	£58,500.00

CAGE TIPPER 7.5T	£105,000.00
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RCV 26T (Hired)	£1,000/week
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The prices listed above are 2017 prices as most vehicles were purchased in 2017 – the price was uplifted for vehicles that have been purchased more recently (a few vehicles were purchased in 22/23).

Vehicles purchased more than 10 years ago were assumed to be fully depreciated and given a capital value of £0.

Interest rate for capital repayment applicable for Biffa assumed at 6.5% (Eunomia assumption).

Table 7-10: Other Vehicle Costs

Type of Vehicle Cost	Assumption	Source of Assumption
Fuel	£1.18/L (2022/23)	WBC
Maintenance	8% of capital costs (3.5t Vans 4%)	Eunomia
Insurance	2% of capital costs	Eunomia

Table 7-11: Assumed Depot Costs (Eunomia's Assumptions)

Depot Costs	Baseline
Light, Power, Heating	£36,000
Rent Rates and Service Charges	£60,000
Depot Repairs & Maintenance	£10,000

Cleaning	£13,000
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Table 7-12: Other Assumed Costs (Eunomia's Assumptions)

Other Costs	Baseline
CPC Holder	£5,000
Digital - End Use Compute (laptops, in-cab devices, etc.)*	£40,985
Digital - Depots	£24,882
Digital - Applications (Waste Management IT system, etc.)	£113,000
Uniform	£83,200
Street Cleansing tools & consumables	£125,584
H&S Equipment	£36,000
Hand tools - workshops	£20,000

*Assumes assets are replaced every 3 years

A.1.2 Options Modelling Assumptions

Table 7-13: Paid Staff Rates

Roles	LATCo or WBC Employed Staff
LGV2 Driver	£16.21 (WBC)
	£15.10 (LATCo)

Refuse Collector	£15.60 (WBC)
	£13.90 (LATCo)
Street Cleansing Operative	£14.19 (WBC)
	£13.90 (LATCo)

Table 7-14: Assumed Salaries

Roles	Annual Salary - LATCo	Annual Salary – In-House Street Cleansing
LGV2 driver - Food Waste Collections	£33,710	£33,710
Operative - Food Waste Collections	£32,449	£32,449
LATCo Managing Director	£90,000	N/A
LATCo Operations Director	£70,000	N/A
HR Manager	£55,000	£55,000
HSEQ Manager	£55,000	£55,000
Finance Manager	£55,000	£55,000
Performance Manager	£40,000	£40,000
HR Advisor	£35,000	£35,000
Assistant Transport Manager	£35,000	£35,000
Finance Assistant	£35,000	£35,000
Team Leader	N/A	£46,000

HSEQ Officer

£45,000

£45,000

Please Note: pension, cover for planned and unplanned leave, and employer's NI contributions are added in the modelling.

Table 7-15: Vehicle Cost Assumptions

Vehicle Type	Baseline (2017 Prices)	Re-procurement Options (New prices)	In-house/LATCo Options (New prices +15%)
RCV 16T	£153,000	£170,000	£195,500 (LATCo) £170,000 (In-house)
RCV 18T	£166,500	£185,000	£212,750 (LATCo) £185,000 (In-house)
RCV 26T	£184,500	£205,000	£235,750 (LATCo) £205,000 (In-house)
RCV 32T	£202,500	£225,000	£258,750 (LATCo) £225,000 (In-house)
ROAD SWEEPER 2.6T	£105,000	£105,000	£120,750
ROAD SWEEPER 4.5T	£105,000	£105,000	£120,750
ROAD SWEEPER 15T	£160,000	£160,000	£184,000
VAN 3.5T	£85,000	£85,000	£97,750
FLAT BED 5.2T	£49,500	£55,000	£63,250
FLAT BED 7.5T	£105,000	£105,000	£120,750

CAGE TIPPER 7.5T	£105,000	£105,000	£120,750
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Food Waste RCV		£145,000	£166,750 (LATCo)
12T	N/A		£145,000 (In-house)

The interest rest on capital costs applied for the Council is 5.19%.

Table 7-16: Depot Costs (All/Separate Collection)

Office/Depot Costs – All/Collection	Baseline	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Light, Power, Heating	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000
Rent Rates and Service Charges	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000
Depot Repairs & Maintenance	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Cleaning	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000
Total	£119,000	£119,000	£119,000	£119,000	£119,000	£119,000

Table 7-17: Depot Costs (Separate Street Cleansing)

Office/Depot Costs – All/Collection	Baseline	Re-procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Light, Power, Heating	£0	£0	£0	£0	£27,000	£27,000
Rent Rates and Service Charges	£0	£0	£0	£0	£36,000	£36,000
Depot Repairs & Maintenance	£0	£0	£0	£0	£7,500	£7,500

Cleaning	£0	£0	£0	£0	£9,750	£9,750
Total	£0	£0	£0	£0	£80,250	£80,250

In the hybrid options the Council would utilise three existing depots which will be shared by street cleansing with other existing council services. It was assumed that 25% of the costs for each depot would be borne by the street cleansing service

Table 7-18: Other Assumptions

Other Costs	Baseline	Re- procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
HR	£5,000	£5,000	£195,185	£195,920	£65,756	£74,931

Includes leavers' costs, occupational health, payroll support and staff training (in the baseline and re-procurement option, those costs will be included in the margin and overheads, apart for the CPC holder costs)

Digital - End Use Compute	£40,985	£46,835	£65,333	£66,871	£47,335	£61,773
<i>Includes laptops, phones, in-cab devices, etc</i>						
Digital - Depots	£24,882	£24,882	£24,882	£24,882	£30,882	£30,882
<i>Includes CCTV, fire alarm, weighbridge, etc.</i>						
Digital - Applications	£113,000	£120,000	£119,500	£119,500	£140,473	£140,473
<i>Includes Waste Management IT System, asset and fuel management system, H&S system, etc.</i>						
Uniform	£83,200	£95,200	£95,200	£95,200	£95,200	£95,200
<i>Includes staff uniforms only, and Health &</i>						

<i>Safety Equipment</i>						
<i>include all PPE</i>						
<i>including gloves</i>						
Graffiti & Cleaning consumables	£125,584	£125,584	£125,584	£125,584	£125,584	£125,584
Health & Safety Equipment	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000
Hand Tools - Workshops	£20,000	£20,000	£20,000	£20,000	£20,000	£20,000
Other support costs - Stationery, Legal, expenses, etc.	£0	£0	£276,700	£276,700	£263,350	£263,350
Total	£448,651	£473,501	£958,383	£960,657	£826,399	£848,193

Table 7-19: Transition and Mobilisation Costs (before inflation is applied)

	Baseline	Re- procurement (All)	In-house (All)	LATCo (All)	In-house (Street Cleansing)	LATCo (Street Cleansing)
Legal Support		£120,000	£0	£90,000	£95,000	£175,000
LATCo Set Up		£0	£0	£75,000	£0	£75,000
Procurement Technical Support		£100,000	£0	£15,000	£80,000	£95,000
Compliance		£0	£19,800	£19,800	£5,800	£5,800
Human Resources		£0	£30,000	£30,000	£20,000	£20,000
Digital		£0	£640,000	£640,000	£410,000	£410,000
Depot		£3,000,000	£3,000,000	£3,000,000	£4,125,000	£4,125,000
Contingency		£483,000	£553,470	£580,470	£710,370	£735,870

Resource Costs		£82,417	£311,000	£339,295	£354,688	£412,149
Total		£3,703,000	£4,243,270	£4,450,270	£5,446,170	£5,641,670

A.2.0 Appendix 2 – Summary of Legislation Impacts

A.2.1 Packaging Extended Producer Responsibility (pEPR)

pEPR brings the requirement for producers to cover the full net cost of recovery and onward treatment of packaging waste collected by local authorities through waste collection services and public bins.

On 1 May 2024, the draft Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024 were sent to the European Union (EU) in respect of Northern Ireland under the Windsor Framework. The legislation will then be brought before parliament to come into force by the 1 January 2025. The following key changes have been made:

- The addition of recycling targets for 2025-2030.
- Introducing a provision which ensures that if a DRS has not been established by 1 January 2028, producers of drinks containers made of PET plastic, aluminium and steel will be subject to the full range of pEPR obligations until a Deposit Return Scheme (DRS) is operational for this material. DRS is defined in section A.2.2 below.
- Amending the labelling provisions so that all labelling obligations will now come in to force on the 1 April 2027.
- The removal of provisions on binned waste and litter payments which will now be delivered through a separate regulation.
- The Scheme Administrator must now provide guidance on the methodology used and factors considered in assessing net efficient disposal costs and effectiveness.
- Revising the household packaging definition to widen the criteria which allows packaging to become exempt from being classified as household packaging and therefore exempt from disposal cost fees. This definition mirrors the definitions in the relevant data reporting regulations in each nation.

Producers are required to report the amount of packaging they place on the market, for the period January to December 2024. This reporting will be used to charge producer fees and pay local authorities for managing packaging waste for the period April 2025 to March 2026. Producers will need to pay modulated fees according to the “environmental sustainability” of their packaging, which will include consideration of packaging recyclability.

The implementation of EPR will mean that WBC will receive funding for “necessary costs” of delivering an “efficient” and “effective” service. At the time of writing, Defra is working to model the necessary costs of an efficient and effective service based on factors such as sociodemographics and rurality. Local authorities whose services are not effective will be issued with an improvement plan and given a reasonable period to implement its recommendations. If the recommendations are not delivered within the specified timeframe, then funding will be reduced to no less than 80% of the net efficient disposal costs for that year. Whilst Defra is yet to publish its calculation methods for “effective” services, it is likely to include some measure of recycling performance. If we compare WBC’s current performance to its nearest neighbours (which may differ from the local authority groupings used by Defra for EPR modelling), WBC’s recycling rate is significantly lower (31.2%) than the national average of 43.4%. This

suggests that improvements in performance may be required in order for WBC to receive the full payment under EPR.

Should WBC's service not meet the "effectiveness" criteria, there is a risk that the Scheme Administrator withholds a proportion of the payment for the service (up to 20% of the net efficient disposal costs). WBC would need to consider whether the cost of implementing the improvement plan outweighs the reduction in funding and the ongoing implications of a shortfall in funding to cover the cost of services.

Packaging material in scope of EPR includes glass, paper and card, aluminium, steel, fibre-based composites (including cartons), wood, and plastic. The EPR payments will provide more funding to WBC and help increase recycling services, and, in turn, recycling rates of packaging materials. WBC currently collects certain packaging types and materials in its fortnightly recycling stream, including cans, paper and card packaging (excluding cartons), glass jars and bottles, plastic bottles, and metal lids. However, certain packaging waste, such as plastic film, plastic packaging (other than bottles), plastic wrappers, polystyrene, fibre-based composites (including Tetra Pak cartons), and other metal packaging (other than cans), are currently not collected in the recycling stream and are disposed of in residual waste.

The 2024 central Government's Budget the Treasury states that local authorities can expect to receive approximately '£1.1 billion in new funding' via the packaging Extended Producer Responsibility Scheme for 2025-26, representing approximately an additional 1.6 per cent increase in funding for councils.

Councils have now received an assessment notice from Defra which includes a cost assessment, an estimate of what the LA's basic payment will be for the first year of the scheme, guidance about the method used to calculate the payment estimate and a schedule explaining when they will receive payments. In April 2025, Defra will send chief executives another assessment notice which may include revisions based on feedback and queries from local authorities.⁴ Please note that any indicative EPR costs have been excluded from all calculations for the FBC modelling as the funding would be the same regardless of the commissioning option chosen.

In addition, on the 1st May 2024 a provision was introduced which ensures that if a DRS has not been established by 1 January 2028, producers of drinks containers made of PET plastic, aluminium and steel will be subject to the full range of pEPR obligations until a DRS is operational for this material.

As part of the EPR scheme, producers will need to meet packaging recycling targets and therefore may want local authorities to implement service changes in the future to ensure that these targets are met. This would also mean that WBC will need to begin collection and recycling services for packaging types and materials not currently collected for recycling, which may require investments in equipment and infrastructure, though these services would theoretically be funded by the EPR payments. It is important to note that there will be no new burdens funding for the expansion of recycling services.

Targeting a wider range of recyclable material would result in an increase in WBC's recycling yield and rate. Additionally, it would reduce WBC's contamination rates since the recycling collections would target a wider range of material. Finally, EPR would likely reduce WBC's residual waste arising given that a wider range of recyclable materials would be targeted and that producers are incentivised (through fee modulation and recycling targets) to produce more recyclable packaging.

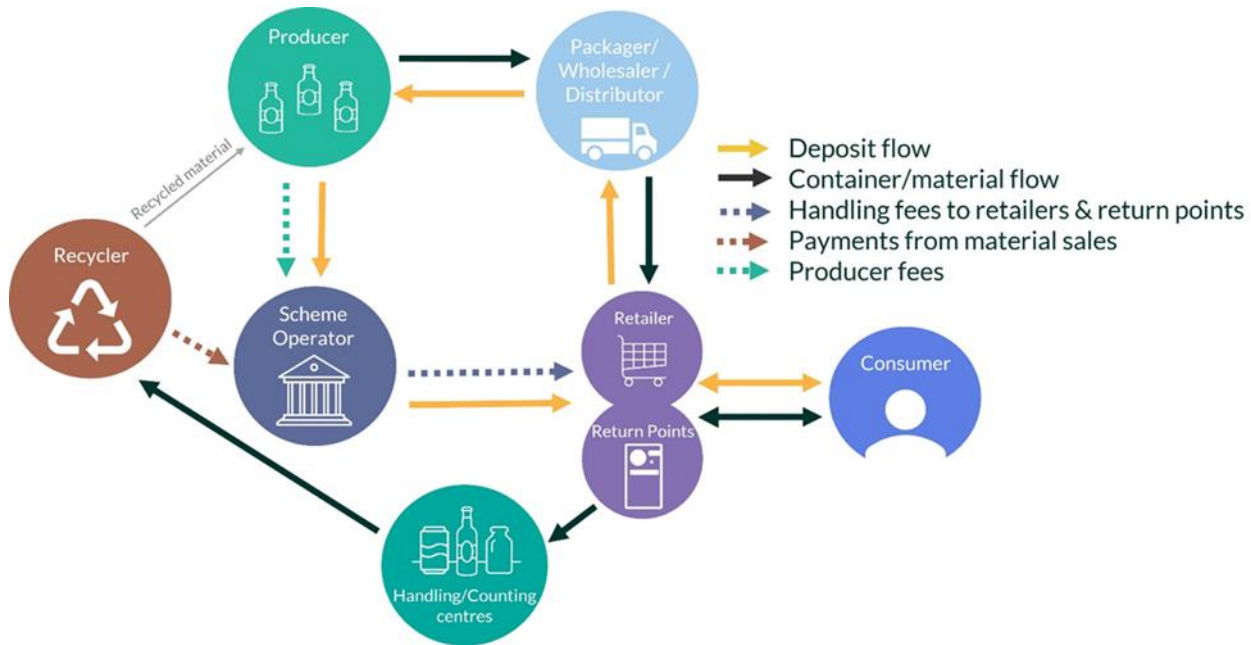
A.2.2 Deposit Return Scheme

DRSs are meant to increase capture rates of commonly littered material and are often used for beverage containers. It works by placing a small redeemable deposit on a beverage container which consumers must pay when they buy the container to incentivise consumers to return their containers to be recycled (see Figure A 1 for an overview). Within Europe, reverse vending machines (RVMs) are a

⁴ Defra (2024) Extended producer responsibility for packaging: local authority payments. Available here: <https://www.gov.uk/guidance/extended-producer-responsibility-for-packaging-local-authority-payments>

common form of container takeback; however, where RVMs are not viable (spatially or financially), manual collection points are set up. The DRS process ensures high quality material suitable for container-to-container recycling, though it may also be sold for other uses. Cases in Europe have proven that a DRS, if implemented successfully, can yield high return rates (in the region of ~90%), resulting in high yields of clean and high-quality material.

Figure A 1: DRS Material and Financial Flows Overview



The revenue from DRSs is used to fund system operations and is generated through three avenues:

- Material sales;
- Unredeemed deposits; and
- Producer fees that often fund the net cost of the scheme once materials sales and unredeemed deposits have been deducted.

Originally scheduled to begin in October 2025, a DRS across the four nations has been delayed until October 2027. This follows pressure from the beverage industry and retailers to delay the DRS to later in 2026 to allow more time for the sector to prepare.

As described above, the DRS will require residents to return beverage containers in scope to dedicated collection points, likely to RVMs. According to the Government’s response to its second consultation on introducing a DRS, the scope of the English DRS will be:

- Containers from 50ml up to 3L in size; and
- PET bottles and steel and aluminium cans.

England does not intend to introduce glass bottles within its DRS, though the Government response does clarify that glass bottles will be covered by the upcoming packaging EPR. However, part of the justification for the delay in implementation is to agree a unified approach across the UK.

The introduction of a DRS will see the diversion of most plastic bottles, aluminium cans, and steel cans from WBC’s kerbside recycling and residual waste collections and from public bins. WBC may therefore see an increase in the costs of their reprocessing contracts, due to an increase in MRF gate fees.

Furthermore, this loss in highly recyclable material may generate a decrease in WBC's recycling rate. However, WBC may be able to claim deposits from any DRS materials it collects through kerbside collections, though this will depend upon the disposal contractual arrangements WBC holds with the Merseyside Recycling and Waste Authority.

WBC may also see a reduction in residual waste arisings from the diversion of in-scope beverage containers to a DRS. This may mean that WBC will see some savings from a reduced tonnage of residual waste sent to EfW. Reduced tonnages of recyclable material in the residual waste stream would also deliver carbon savings to WBC since the material will now be diverted to recycling. Additionally, due to a reduction in beverage container litter, WBC is also likely to make savings on litter clean-up costs following the DRS implementation.

Reduced tonnages in plastic bottles and cans collected may mean some operational savings are made following the implementation of a DRS. However, given that the DRS excludes glass, these savings may not be particularly significant. WBC will still need to continue dry recycling collection rounds for materials not in scope of the DRS and for any in-scope materials that residents continue to present at the kerbside, though payments from the EPR scheme will fund the service for other packaging waste.

Some in-scope beverage containers may still end up in the collection service of WBC, which can contribute to the cost of delivering the collection service (depending upon WBC's contractual arrangements with the Merseyside Recycling and Waste Authority). Local authorities might be able to claim unredeemed deposits on in-scope used beverage containers that end up at waste facilities, including MRFs and waste transfer facilities. However, how to redeem these deposits is not made clear in the Government responses to date. Separation systems at waste facilities would need to be introduced to claim any in-scope beverage containers for a refund. Additionally, with a high capture rate, the amount of revenue made from these unredeemed deposits is unlikely to be particularly high and may not even offset the costs of establishing a separation system.

A.2.3 Simpler Recycling

In October 2023, Defra published its proposals for the forthcoming statutory guidance on "Simpler Recycling". The government response to a follow-up consultation was released on 9 May 2024. The key points of interest for WBC are described in the following sections.

Dry Recycling Collections

A core set of recyclables will be required to be collected from households at the kerbside by 31 March 2026: paper and card, metal, glass bottles and jars, plastic pots, tub and trays, plastic tubes, and Tetra Pak cartons. A full breakdown of the materials that are included in these core material types are found in the Government's consultation response ([Government response - GOV.UK](#)). It is worth noting that the Secretary of State has the ability to add to the materials in each recyclable waste stream set out in the regulations in the future, once there is confidence that the materials are recyclable.⁵ Provision should be made by councils to collect plastic film packaging and plastic bags from the kerbside by 31 March 2027. There is currently no requirement that plastic films should be kept separate from other materials or contained within plastic bags so they can be easily sorted from other materials and specific collection arrangements will need to be determined by waste collection authorities in conjunction with their materials reprocessors/MRF.

Under the proposals put forward by Defra in November 2023, Councils will retain local discretion to choose how to collect the 'core' recyclables as they see best, with Defra stating:

⁵ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](#)

“We propose to introduce exemptions to allow all councils in England to offer just 3 waste containers (bins, boxes or bags) – for dry recycling, food waste and residual (non-recyclable) waste.”⁶

In the Government's response to the consultation published in May 2024, the Government confirmed that a co-mingled collection will be compliant with requirements and that councils will not be required to produce a written assessment justifying this collection approach.⁷ In this response, the Government confirmed that *“the Secretary of State is satisfied that co-collection of dry recyclable materials will not significantly reduce their potential to be recycled, so long as dry recycling is collected separately from residual and organic waste”*.⁸ This is in addition to Defra stating in its 2023 response that there appears to be no difference in performance between the different recycling systems across the country.⁹ While this statement is true in terms of yields of dry recycling, there is sufficient evidence to say that the quality of collected recyclables is generally significantly decreased in co-mingled collections compared to two-stream and multi-stream collections.¹⁰¹¹ Therefore, an authority collecting the core suite of materials could still not be regarded as efficient and effective if the services are delivering a poor level of performance or are very costly relative to similar authorities. It should be noted however, that the precise measures of “efficiency” and “effectiveness” are yet to be published.

In the 2024 response the Government added that:

“The Collection and Packaging Reforms (EPR for packaging, a deposit return scheme for drinks containers, and Simpler Recycling in England) will support behaviour change to reduce contamination rates and better preserve material value. Simpler Recycling in England will make recycling clearer and easier, as people will no longer need to check what their specific council will accept for recycling. As part of EPR for packaging, producers will be required to label packaging to state whether it is recyclable or not. This will help reduce confusion and support the Simpler Recycling measures to ensure the correct materials are captured for recycling.”¹²

The costs associated with introducing these service changes to the dry recycling collection service will not be subject to “new burdens” funding and any implementation costs will need to be covered by WBC; however, ongoing costs for meeting the requirements for packaging waste streams are expected to be met by EPR funding.

Organic Collections

All waste collection authorities will be required to provide a weekly food waste collection to all property types by 31 March 2026 and to businesses by March 2025. Where transitional arrangements are required due to long-term waste disposal contracts, these will be funded by Defra. However, these will only be available to disposal authorities where Defra is made aware of the need for these arrangements in order to avoid contract breaking. The Government will not compensate authorities who vary or break their contracts, nor will it compensate disposal authorities for financial penalties from the reduction of residual waste once food waste collections come into force. The most recent consultation response confirms that there are currently no plans to fund local authorities to provide caddy liners to households. Defra confirmed they will continually review the evidence base and policy around caddy liner use.

⁶ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-management-reforms)

⁷ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-management-reforms)

⁸ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-management-reforms)

⁹ Defra (2023). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-management-reforms)

¹⁰ Zero Waste Scotland (2023). The composition of household waste at the kerbside in 2021-23. Available here: [mf-ejmeqftx-1696500166d.pdf \(zerowastescotland.org.uk\)](https://www.zerowastescotland.org.uk/media/1696500/166d.pdf)

¹¹ London Waste and Recycling Board (2020). Improving the Quality of Household Recycling in London: Insights and Recommendations. Available here: [LWRB-Tackling-contamination-2022.pdf \(exactdn.com\)](https://www.lwrboard.org.uk/wp-content/uploads/2020/06/LWRB-Tackling-contamination-2022.pdf)

¹² Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-management-reforms)

Councils will receive new burdens funding (where collections are not already in place by March 2023) for these collections, based on Defra's 'reasonable' modelled costs. This funding is intended to cover capital expenditure (vehicles and containers), resource costs, and other operational costs (from collection and disposal). However, Defra has not confirmed how long the funding for operational costs will continue for. WBC have received notification from Defra of the funding that they will be eligible for and have begun making plans with the wider city region for the collection of food waste.

Under current proposals, food waste can still be collected together with garden waste, but this stream will need to be collected weekly by 31 March 2026, with Defra stating in their recent consultation response:

*"Our proposal allows local authorities to co-collect food and garden waste together without the need for a written assessment, where it is deemed the preferable mode of collection. It does not impose co-collection on any local authority, which mitigates these concerns."*¹³

They also confirmed that this applies to *"households and non-household municipal premises"*.¹⁴

Additionally, the Defra response highlights that food waste should ideally be treated by anaerobic digestion. The consultation response confirmed that anaerobic digestion is the preferred treatment option for food waste, while composting remains permitted. Defra confirmed that they may consider adding guidance on the treatment of separately collected garden waste.

The original requirement in the Consistency proposals for councils to provide free of charge garden waste collection services has been scrapped, as have plans to cap councils' charges for garden waste collections. Though, the reforms do state that garden waste collections should be offered to all households who request it, including communal properties and that charges should be 'reasonable'. This has been retained in the recent consultation response.

The recent consultation response also confirmed that Defra plan to recommend that:

*"Garden waste collections are offered to all households with gardens over a period no less than 36 weeks in any calendar years and that as a minimum, collections are offered during March to October (inclusive)."*¹⁵

Following this, Defra do go on to say that they recognise that this may need to vary based upon local circumstances and that the frequency of collections is for waste collection authorities to determine with regard to their individual local circumstances.

Residual Waste Collections

It is worth noting that as of 9 May 2024, the Government have reinforced their stance regarding residual waste collection frequencies and reiterated that councils *"should not provide a residual waste collection service any less frequently than fortnightly"*.¹⁶

The reforms have outlined that the Government's preferred approach to collecting household residual waste is for high frequency collections. The current version of the reforms strongly encourages that residual waste be collected no less frequently than fortnightly and preferably should be collected weekly as this would be seen to cause the least impact on local amenities. There appears to be no compensation available to authorities who will have costs incurred from service changes due to the Government's ambition to have all authorities operating residual waste collections no less than

¹³ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-collections)

¹⁴ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-collections)

¹⁵ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-collections)

¹⁶ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-the-consultation-on-waste-collections)

fortnightly, meaning that any authority operating 3-weekly collections, or less frequent collections in some cases, will receive no funding.

In the UK, 26 authorities, including eight in England, have moved to a residual waste collection less than fortnightly and it is a proven way to both drive up recycling and drive down costs, both by reducing collection costs and reducing disposal fees.

The Simpler Recycling proposals regarding residual waste have been subject to a further short consultation where this commitment to residual collections being no less than fortnightly has been reaffirmed. 80% of respondents disagreed with the backstop on the frequency of collection of residual waste and 58% of total respondents expressed a view that reducing the frequency of residual waste collections increases recycling rates. However, the Government appears quite committed to requiring a minimum collection frequency, and has stated the following:

“Government wants to ensure that householders can dispose of putrescent or odorous non-recyclable waste frequently to avoid malodour and attracting vermin. Government expects a minimum service frequency for residual waste collections of at least fortnightly in England.”¹⁷

However, it is notable that the requirement will appear only in statutory guidance, rather than as an amendment to the Environment Act, whereas the requirement to collect food waste weekly is a statutory requirement written into S57 of the Act. While authorities must have regard to statutory guidance, such guidance does not have the same force in law as statute does.

It appears likely that some authorities, having had regard to the guidance, may choose to continue or introduce three weekly residual waste collections – although having to go against guidance may increase the local political difficulty of introducing an already controversial change. Such a decision could leave an authority open to risk of judicial review, whether by government or by local activists.

Despite these risks, the significant benefits to authorities (especially those experiencing severe financial pressures) of introducing three-weekly residual waste collections may lead some to consider the risk worthwhile. If authorities are to continue down this path, it would appear prudent for them to:

1. Set out a clearly evidenced case that demonstrates that they have had regard to the statutory guidance and have compelling evidence that supports their decision to continue or introduce three-weekly residual waste collections. These reasons might include significant demonstrable financial savings, significant reductions in residual waste tonnage, significant improvements in recycling rate, no or little impact on resident satisfaction scores, and support from a local residents' survey.
2. Obtain legal advice, either internally or externally, on deviating from statutory guidance. This is not something Eunomia can provide but we can provide support as an intermediary to legal advisors on the waste context.

It is also notable that no minimum collection capacity has been proposed for the fortnightly residual waste collections, so authorities could significantly restrict capacity of the containers provided or place caps on the number of sacks residents can present for collection (i.e. a 140 litre bin or even smaller). However, in our experience this is less effective than three weekly residual waste collections at driving up recycling yields, particularly of food waste, and has the added cost of bin replacement. It also reduces the potential for savings in collection costs, as vehicles must still make a fortnightly pass.

To reduce the upfront capital costs, a move to reduced residual waste capacity could be implemented gradually through replacing any damaged/lost bins with smaller bins rather than replacing all bins at

¹⁷ Defra (2024). Consultation Outcome: Government Response. Available here: [Government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/simpler-recycling)

once, or by having a more gradual roll-out of replacement containers. It should be noted, however, that purchasing fewer containers at a time can result in higher prices per container and that a phased approach will take much longer to realise the full benefit of the capacity restriction.

The UK had a general election in July 2024. At the point of writing, the new government had not made many significant updates on the legislation released by the previous government. At the LARAC conference, Defra did provide some updates, stating that the government is still committed to meeting the Simpler Recycling timeline proposed by the previous government in October 2023. The Labour manifesto also promised to create a Circular Economy strategy to move the UK towards a zero-waste economy. This will include targets for waste reduction. It was also confirmed that the finalised fees for EPR will be released to businesses after April 2025.¹⁸





A.2.4 Impact on Wirral’s Collection Services

Table 7-20 presents our RAG assessment of WBC’s current service against what Defra has published as part of its plans, highlighting any areas of change that will be needed to WBC’s current services.

Table 7-20: Impact on Wirral’s Collection Services

Scope of Change	Impact	RAG Assessment
Collection of a Core Set of Dry Recyclable Materials at the Kerbside	<p>The scope of materials that are included in the kerbside dry recycling stream will need to be expanded to include the following materials not currently collected at the kerbside:</p> <ul style="list-style-type: none"> • plastic packaging, foil and aerosols • food and beverage cartons (Tetra Pak, etc.) <p>WBC will need to discuss with the disposal authority the date from which these materials can be added to the kerbside collection service.</p>	
Collection of Plastic Films at the Kerbside	<p>The Council will need to make arrangements for the collection of plastic film by 2027.</p> <p>WBC will need to discuss with the disposal authority the date from which film can be added to the kerbside collection service.</p>	

¹⁸ Let’s Recycle (2024) LARAC Conference: Indicative payments coming next month. Available here: [LARAC Conference: Indicative payments coming next month - letsrecycle.com](https://letsrecycle.com/indicative-payments-coming-next-month)

<p>Food Waste Collections</p>	<p>A weekly food waste collection will need to be introduced for all households, including communal properties. WBC is eligible for new burdens funding for this service introduction and has received confirmation of this.</p> <p>The deadline for the introduction of separate weekly food waste collections is before the expiry of WBC's existing collection contract with Biffa. The Council have already made arrangements with Biffa and the wider city region to implement food waste collections and discussions are underway for procurement of the vehicles and containers.</p>	
<p>Garden Waste Collections</p>	<p>The charged garden waste collection system in place can continue to be operated as it currently is, provided the charges are reasonable. The Council will have to offer collections to households who request a service, including communal properties.</p>	
<p>Dry Recycling Collection Methodology</p>	<p>The method of dry recycling collections could continue to be operated as it currently is. Bigger bins may be required for some households to accommodate additional collected materials, but further modelling would be required to establish the extent of this.</p>	
<p>Residual Waste Collection Methodology</p>	<p>The residual waste collection system in place can continue to be operated as it currently is. However, should the Council wish to introduce three-weekly collections, legal advice may need to be sought as set out above and depending on the results of Defra's consultation.</p>	

A.2.5 Potential Reforms to the Waste Electrical and Electronic Equipment (WEEE) Regulations 2013

The WEEE Regulations 2013 are based on the European Union WEEE Directive 2012/19/EU, which replaced the previous Directive 2002/96/EC. The Regulations require producers to finance WEEE collection and treatment costs based on the amount of EEE that they place on the market annually. Their financial obligations can be met either individually or collectively by joining a Producer Compliance Scheme (PCS). However, the current system is seen as complicated and has a high level of non-compliance and free riding from online retailers established outside the UK.

On 28th December 2023, the Government published its consultation and call for evidence on reforms to the WEEE Regulations 2013, which will run until 7th March 2024. The consultation seeks opinions on proposed policy reforms which primarily aim to improve WEEE collection, reuse, and recycling, with a particular focus on household WEEE. The proposed reforms also aim to ensure that EEE producers and distributors finance the full net cost of collection and treatment of WEEE and support the drive of designing EEE with a lower environmental impact.

Within the consultation, five overarching policy proposals are outlined. The policy proposals include:

1. Increasing free-of-charge household collections of small and bulky WEEE across the UK through partnership style arrangements between producers and local authorities. The Government proposes that collection schemes are financed and led by producers and facilitated through a producer-led Scheme Administrator. It is anticipated that the Scheme Administrator would contract with local authorities for them to integrate WEEE collections into existing kerbside rounds. However, the Government clarifies that they are not proposing to mandate local authorities to establish a WEEE household collection service or to regulate how this collection system may work.

Increasing distributor collections infrastructure by strengthening arrangements of existing distributor take-back systems (DTS). Sub-proposals include more stringent take-back requirements for retailers, both in-store and online, including the requirement for large retailers, those with over £100k turnover of electrical sales annually, to offer free takeback services for unwanted equipment in store, without the need to purchase new equipment.

Introducing new producer obligations in the Regulations for online marketplaces and fulfilment houses.

Introducing a new EEE category in the Regulations for vapes, which are significantly more expensive to manage at end-of-life relative to other product categories, ensuring that producers pay the full cost of their collection and recovery.

Changing current system governance by creating a new WEEE Scheme Administrator and performance indicators for the future WEEE EPR scheme. The Scheme Administrator would manage the provision of WEEE household collection services on behalf of producers (as mentioned in the first proposal) and potentially provide other key functions.

In WBC, WEEE is currently accepted at HWRCs and is not collected at the kerbside. Should the Government adopt the first proposed reform, WBC is likely to see the inclusion of WEEE in its kerbside collection, which would be financed by EEE producers. The first proposal does not mandate that local authorities provide WEEE collection services, however the Government anticipates that the producer-led Scheme Administrator is likely to contract local authorities and work in partnership to deliver a WEEE collection service. However, this is at the discretion of the Scheme Administrator, who may decide to deliver household WEEE collections another way.

Introducing producer obligations for online marketplaces and fulfilment houses, and introducing a new vape reporting category, will ensure that producers are fully financing WEEE end-of-life management and will likely lead to the delivery of a more effective collection and treatment system in WBC.

Additionally, vapes contain valuable critical resources but are extremely expensive and difficult to collect and recycle, presenting a fire hazard and safety risk in bins and MRFs. WBC is likely to see an increase in vape collection and recycling rates following the introduction of the new reporting category.

Producers are allowed to discharge their obligation to provide take-back facilities and services by joining and paying a fee to a DTS. Payments to the DTS have been used as funding for local authorities who collect WEEE through HWRCs. Proposal two, if adopted, is therefore likely to affect the funding that WBC has been receiving for household WEEE collection at HWRCs. Additionally, WBC would see a diversion of material from its household collection services, though the council will also likely be collecting a greater volume of high-quality WEEE material from the kerbside.

The above proposed reforms would collectively improve WBC's WEEE reuse and recycling rates. Additionally, more convenient and widespread collection systems for householders would likely result in the collection of higher-quality WEEE for reuse and recycling.

A.2.6 Interfaces between Government Policies

Interestingly, Defra has opted for an earlier introduction of Simpler Recycling for businesses than for households, which may pose a challenge for authorities that operate commercial waste services – especially those that co-collect these waste streams. The potential impact is that such authorities may have to bring forward the entire implementation to 2025. The 65% recycling target for municipal waste by 2035 may be a driver for going early on business waste given the potential scale; however, despite the requirements under Simpler Recycling and the Environment Act placing the obligation on businesses to separately present recycling for collection, without incentives for businesses to comply and waste collectors having the means to offer such collections, it is not apparent whether this will be enough to deliver the step change required.

The changes required from 2025 will likely also necessitate the enactment of change in law provisions where local authorities have contracted out services for collection or treatment, a process which may involve a drawn-out negotiation, particularly where the additional costs involved in making such changes are outside the scope of new burdens funding. WBC have arranged with Biffa for food waste collections to be introduced before the end of the existing contract.

There also appears to be some potential for a conflict between Simpler Recycling and the goals of EPR. Councils will need to achieve higher levels of packaging recycling to enable producers to meet the packaging targets; however, the proposed targets haven't so far been revised downwards to account for the delay in publishing Simpler Recycling. The new requirements mean that local authorities are not required to implement collections of the full range of recyclables to households until 2026 (except film which is 2027) but the targets announced in the EPR response to the consultation apply from 2024.

Defra has stated that no funding will be provided to local authorities to implement the collection of additional dry recyclable streams to be compliant with Simpler Recycling; in WBC's case, the addition of mixed plastics (i.e. pots, tubs and trays), foil cartons, and film. This could create an affordability challenge for WBC if the cost of making this change is prohibitive.

Under EPR, councils will only be paid their efficient costs for operating an effective service. Where authorities fail to deliver "effective" services, an Improvement Plan will be developed with the scheme Administrator, and ultimately deductions can be made from EPR payments; it will be interesting to see whether any authorities decide that the cost of implementing an "effective" or "efficient" service is greater than the value of EPR funding they might forego. It is also possible that an authority could operate a compliant service under Simpler Recycling but not be considered "effective" and/or "efficient".

A.3.0 Wirral Stakeholder Summary

Table 7-21: Wirral Stakeholder Summary

Channel	Method/s	Influence/Interest
Hard copy comms	Direct to residents	Low influence/High interest
Door knocking (external org)	Direct to residents	Low influence/High interest
Press releases	Direct to residents	Low influence/High interest
Advertorials?	Direct to residents	Low influence/High interest
Council/resident subscriber newsletter (e.g. Wirral View)	Direct to residents	Low influence/High interest
Website	Direct to residents	Low influence/High interest
Social media (Facebook/X/TikTok/Instagram)	Direct to residents	Low influence/High interest
Ward surgeries (external org)	Direct to residents	Low influence/High interest
Markets &/or Town Centre Team (external org)	Direct to residents	Low influence/High interest
Frontline staff (Streetscene, Libraries)	Direct to residents	Low influence/High interest
Trailer/events/road shows (external org)	Direct to residents	Low influence/High interest
Ad shell (bus stops, etc)?	Direct to residents	Low influence/High interest
Core internal groups (corporate complaints, streetscene,	Internal comms/stakeholder management	High Influence/Low Interest

enforcement, Neighbourhoods
etc.)

Contact centre	Internal comms/stakeholder management	High Influence/Low Interest
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Members (inc. Spokes)	Internal comms/stakeholder management	Low influence/high interest
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Wider committee – ECET (all member briefings)	Internal comms/stakeholder management	High Influence/high interest
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Chair/spokes	Internal comms/stakeholder management	High Influence/high interest
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Leadership: group leaders	Internal comms/stakeholder management	High Influence/high interest
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Crews	Internal comms/stakeholder management	Low influence/high interest
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Trade Unions	Internal comms/stakeholder management	Low Influence/Low interest
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Depot staff (back office, recycling officers, etc)	Internal comms/stakeholder management	Low influence/high interest
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Council staff (exec view)	Internal comms/stakeholder management	Low influence/high interest
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Internal partners/comms	Internal comms/stakeholder management	High Influence/Low Interest
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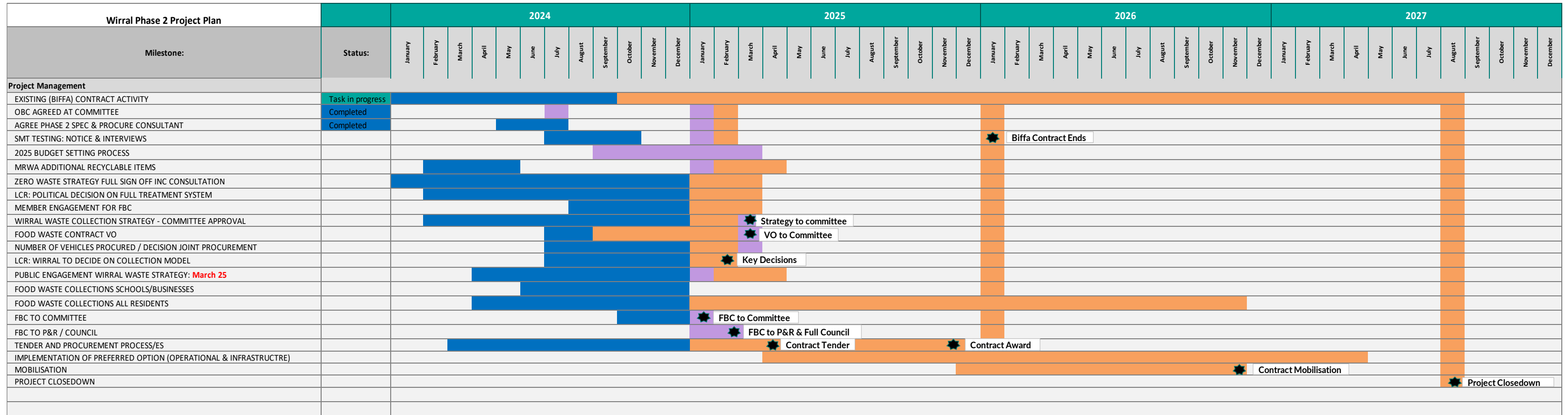
Internal partners/democratic services	Internal comms/stakeholder management	High Influence/Low Interest
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Waste management partnership	Internal comms/stakeholder management	High Influence/Low Interest
Internal partners/legal	Internal comms/stakeholder management	High Influence/Low Interest
Internal partners - Park	Internal comms/stakeholder management	High Influence/high interest
Internal partners - Finance	Internal comms/stakeholder management	High Influence/high interest
Internal partners - Highways (gully cleansing/installation of litter bins)	Internal comms/stakeholder management	High Influence/high interest
Internal partners – Planning & Regen	Internal comms/stakeholder management	High Influence/high interest
Internal partners - Procurement	Internal comms/stakeholder management	High Influence/high interest
Biffa workforce	Internal comms/stakeholder management	High Influence/high interest
Internal partners - H&S	Internal comms/stakeholder management	Low Influence/Low interest
Internal partners - Leisure	Internal comms/stakeholder management	Low Influence/Low interest
Internal partners - Assets	Internal comms/stakeholder management	Low Influence/Low interest
Internal partners - Climate Emergency	Internal comms/stakeholder management	Low Influence/Low interest

Waste & Environment staff	Internal comms/stakeholder management	Low influence/high interest
Internal Partners/HR	Internal comms/stakeholder management	Low influence/high interest
LCR Combined Authority	External comms/stakeholder management	Low Influence/Low interest
Community groups and residents' associations	External comms/stakeholder management	Low influence/High interest
Schools	External comms/stakeholder management	Low influence/High interest
Religious establishments	External comms/stakeholder management	Low influence/High interest
Housing associations	External comms/stakeholder management	Low influence/High interest
Landlord licencing/landlord communities/landlord forums	External comms/stakeholder management	Low influence/High interest
Cool Wirral Partnership	External comms/stakeholder management	Low Influence/Low interest
Merseyside Recycling and Waste Authority	External comms/stakeholder management	Low influence/high interest
Eunomia	External comms/stakeholder management	Low influence/high interest
Continental	External comms/stakeholder management	Low influence/high interest

Man Coed	External comms/stakeholder management	Low influence/high interest
Leisure Centres	External comms/stakeholder management	Low influence/high interest
Private companies for recycling collections	External comms/stakeholder management	Low influence/high interest
Charities for recycling collections	External comms/stakeholder management	Low influence/high interest
Community recycling	External comms/stakeholder management	Low influence/high interest
Engagement with the 3rd sector / voluntary sector	External comms/stakeholder management	Low influence/high interest

A.4.0 Wirral Indicative Timeline – subject to change



KEY:

CODE:

Task in progress	[Green bar]	1
Deliverable/Project Milestone	[Orange bar]	2
Committee Decisions	[Purple bar]	3
Key Decisions	[Light blue bar]	4
Completed	[Dark blue bar]	5

A.5.0 Wirral Procurement Timeline

The table below outlines the Procurement Stages from approval to go out to tender to contract award. The Competitive Flexible Procedure in a new procedure under the new Procurement Act 2023 which comes in to force on 24th February 2024. Therefore, there is no precedent available in relation to the timescales to award however we anticipate the Tender Notice stage taking approximately 9 months based on current Public Contract Regulations 2015 Competitive Dialogue procedure.

Title: Waste Contract Renewal	Timeline/Comments
Wirral Council Internal Governance Commissioning a Service	
Officer Decision Making (ODN) - Key Decision and inclusion on Forward Plan Required. Contract will also require relevant Committee approval	Item included on the Forward Plan at least 28 days prior to the decision being taken
Completion and approval of Smartform	Authority to publish tender
Pre-Procurement	
Pipeline Notice A notice providing a snapshot of an authority's pipeline of £2m+ public contracts (where total spend on services/goods/works is over £100m in the financial year from 1 April to 31 March)	By 26 May 2025 and annually thereafter
Planned Procurement Notice (Reduced Tender Timescales) A notice setting out an authority's intention to start a future procurement.	Qualifying planned procurement notices must be published at least 40 days before but not more than 12 months before the Tender Notice.
Preliminary Market Engagement Notice (only if undertaken) A notice setting out that an authority has conducted or intends to conduct preliminary market engagement.	Prior to the publication of the Tender Notice.
Tender & Award Stage	
Tender Notice and Documents (must be updated if changes made to tender) The publication of the Tender Notice commences the procurement process for a public contract. This stage will be made up of several components depending on the number of stages and process. Tenderers will be expecting to satisfy a set of conditions of participation. Processes that could be used in a Competitive Flexible Procedure can include: negotiation, dialogue, supplier presentations, site visits, audits and checks, final tenders.	Section 54 of the Act sets out minimum time periods for the deadline for receipt of tenders/expressions of interest following the date of the Tender Notice.
Procurement Termination Notice (only if terminated) A notice that an authority has decided not to award a public contract after publishing a tender or transparency notice.	As soon as reasonably possible after making a decision to terminate a procurement process.
Assessment Summary (issued before Contract Award Notice) An assessment summary must be provided to every supplier who submitted an 'assessed tender', following a competitive tendering procedure, to explain why their tender was either successful or unsuccessful.	

Contract Award Notice (starts standstill, except for light touch) A notice stating that the authority intends to award a public contract and commencing the 8-working day standstill period.	At least 8 working days prior to the desired contract signature date.
Contract Details Notice (within 30 days post award, 120 days if light touch + KPIs if >£5m) A notice stating that an authority has awarded a public contract (and, where the public contract is valued at over £5m, including a copy of the contract).	Within 30 days of contract signature date.
Payments Compliance Notice A notice setting out specified information about an authority's compliance with rules around prompt payment of invoices.	Within 30 days of the last day of a "reporting period".
Contract Payments Notice A notice providing information on payments over £30,000 made by the authority under a public contract.	Within 30 days of the last day of the quarter in which the payment was made.
Wirral Council Internal Governance Awarding a Contract	
Relevant Committee approval required as well as further inclusion on the forward plan, unless delegation to the director to award the contract was granted by the Committee when agreeing to commission the service	Contract Value dictates relevant Committee Approval
Contract Management	
Contract Performance Notice (if >£5m performance against KPIs or for breach/failure to perform (any value) - not for light touch or concession) A notice reporting on (1) supplier performance against KPIs (for public contracts valued over £5m); and (2) supplier breach/poor performance under section 71(5).	For KPI reporting, at least once every twelve months during the life cycle of the public contract and on termination. For poor performance reporting, within 30 days of the relevant supplier breach or failure to perform.
Contract Change Notice (not for minor change or light touch) A notice stating that the authority proposes to make a change to the terms of a public contract.	Prior to making the contract modification (it is also possible to hold a voluntary 8-working day standstill period prior to entering into the variation).
Contract Termination Notice (within 30 days of post termination) A notice stating that the contract has been terminated and providing the reason for termination.	Within 30 days of the date the contract is terminated.

A.6.0 LATCo Service Delivery Option Review

Report	Household Waste and Street Cleaning Full Business Case – Review of the Local Authority Trading Company (LATCo) Service Delivery Option
Author	Mike Cockburn - Assistant Director, Climate Emergency & Environment
SRO	Jason Gooding - Director of Neighbourhood Services
Date	November 2024

1.0 PURPOSE OF THE REPORT

- 1.1 To set out an overview and observations for the service delivery option to establish a Local Authority Trading Company (LATCo), recommended for consideration as part of the Full Business Case for future provision on refuse collection and street cleansing.

2.0 RECOMMENDATIONS

- 2.1 The LATCo service delivery option review will be included within the Household Waste and Street Cleaning Full Business Case, to inform the recommendations to be made to the Council.
- 2.2 The high level of exposure to a range of corporate risks is taken into consideration as part of the decision-making process for future service delivery.

3.0 BACKGROUND / FINDINGS

- 3.1 Wirral Council has a legal duty to collect household waste and to carry out street cleansing activity. A contract is in place for delivery of waste collection and street cleansing services, which expires in August 2027 with no further option to extend. As such, the Council commissioned Eunomia Research and Consulting Ltd (Eunomia) to support a review of its waste collection and street cleansing contract, to thoroughly identify and assess the options for waste collection and street cleansing service provision from August 2027.
- 3.2 Eunomia undertook an extensive piece of work to create an outline business case (OBC). This OBC went to Environment, Climate Emergency & Transport Committee (ECET) on the 15th July 2024. Committee agreed that the following 3 options would be further reviewed during the review of the full business case (FBC) within phase 2 of the programme. Eunomia have also been commissioned to undertake this piece of work. The 3 options currently being reviewed, via the FBC are:
- Fully outsourced provision
 - A full Local Authority Trading Company (LATCo) provision
 - Outsourced waste collection with in-house street cleansing provision.
- 3.3 As part of the FBC, a second phase, beginning in June 2024, there have been detailed reviews undertaken of the 3 service delivery options put forward in the outline business case, including this review on the LATco option.
- 3.4 This report reviews the risks associated with the LATCo option. The Project Team met with the following officers to conduct the review:
- Mark Dale, AD People & Organisational Culture
 - Peter Jewell, Senior Lawyer (Employment)
 - Steven Krempel, Senior Lawyer (Commercial and Projects)

- Andrea Lowe, Senior Lawyer (Contracts)
 - Andrea Williams, former Senior HR Manager (Resourcing & Reward)
 - Nicky Long, Workforce and Change - Business Partner
- 3.5 There was also an Environment, Climate Emergency & Transport Committee (ECET) 'Hothouse' members workshop in October which provided an overview of the LATCo option and relevant risks associated with it.

4. RISKS IDENTIFIED WITH LATCo PROVISION

4.1 Equal Pay Claim Risk

- 4.1.1 If comparable employees of the Council and a LATCo are not employed on equal terms, then there is a risk that this could lead to an equal pay claim.
- 4.1.2 Whilst it is difficult to say for certain that any such claim would always be successful (because it might be possible to defend an equal pay claim based on the specific facts of a particular case), there is a potential substantial financial risk if such a claim were made and were successful.
- 4.1.3 Not enrolling employees in the Local Government Pension Scheme (LGPS) presents a large risk of reputational damage. This is the most significant risk as it represents a very large difference ~15% in employer contributions.
- 4.1.4 Engaging employees on different terms has the potential to adversely affect workforce morale and engagement.
- 4.1.5 Consideration also needs to be given to Trades Union reactions and political comfort/repercussions if the terms and conditions enjoyed by employees of a LATCo do not mirror Local Government NJC terms (or vice versa).
- 4.1.6 Further information on Equal Pay Claim risks can be seen in Appendix One.

4.2 Governance Risk

- 4.2.1 LATCos are independent organisations, and their directors have statutory duties to the company as well as obligations to shareholders. From research undertaken and experience of Council officers of other LATco arrangements, there is a large risk around ensuring the governance structure is right from the offset.
- 4.2.2 Governance issues would require careful consideration and legal advice as to how the relationship between the Council/shareholder and the LATco is to be arranged.

4.3 TUPE Risk

- 4.3.1 The Transfer of Undertakings (Protection of Employment) Regulations 2006 apply where the whole or part of a business undertaking is transferred from one employer to another including where a service is brought back in-house or transferred to another outsourced supplier.

- 4.3.1 The effect of the regulations is that the employees' terms and conditions and the liabilities associated with the employees transfer to the new employer.
- 4.3.2 Given the obligation to effectively match the terms and conditions of Biffa's current employees, should they transfer to the Council, due diligence would be required to assess potential liabilities, potential costs of any future restructuring and to assess which employees are assigned to the contract which is to be transferred.
- 4.3.3 Should some employees not wish to transfer then this may result in the need to recruit staff.
- 4.3.4 This risk is not mitigated in the creation and engagement of a LATCo.

4.4 **Procurement Risk**

- 4.4.1 Whilst a LATCo can engage in procurement activity, it does not enjoy the more relaxed procurement regime enjoyed by private sector organisations. In effect a LATCo must comply with the same procurement rules as its public authority owner. Legislation regarding the control of public sector procurement in the UK has been introduced and will shortly come into force (Feb 2025). This will substantially replace the existing (EU) regime but is expected to substantially replicate the existing EU regime in this regard.

4.5 **Tendering Risk**

- 4.5.1 One advantage of an authority trading through a LATCo is that it has a theoretical ability to secure additional contracts from the private sector and other public sector bodies. This is an advantage not conferred on its parent in that it can tender for work that will generate a profit. Local Authorities, on the other hand, are only able to trade with the public on a cost recovery basis. However, in practice, the ability to successfully tender for such additional contracts is restricted by the condition of the LATCo's perceived lack of financial substance in that they generally have limited physical assets (using rented accommodation and leased vehicles) and profits that are contractually restricted by their shareholders. This, coupled with lack of breadth of customer base (generally only the local authority parent) frequently inhibits securing external contracts.

5. **LATCo EXPERIENCE**

- 5.1 The use of LATCos has been generally encouraged by central government as a means of deriving profit for the parent organisation whilst enjoying the perceived flexibilities of open market operation freed of the inherent bureaucracy of the parent organisation, but outcomes vary from company to company and authority to authority.
- 5.2 Many local authorities have gone down the LATCo route with differing degrees of success. There are success stories where authorities have established LATCos, such as Cheshire West Recycling (described below). However, there are also many instances of local authorities withdrawing from LATCo operations, as the LATCo has failed to deliver expected advantages or to compete effectively with open market operators. Wirral Council has closed Wirral Evolutions and has considerably scaled back its involvement in the Wirral Growth Company (not technically a LATCo, but broadly equivalent in many ways).

- 5.3 Edsential, which is a company jointly owned by the Council and Cheshire West and Chester Council, is regarded as being largely successful. Its customer base is largely external, and it competes on a cost recovery basis in a very competitive sector (principally school meals, school cleaning and residential activity breaks for young people). There have been governance issues around pay structures but for the most part it has traded successfully
- 5.4 Wirral Evolutions, which is a company wholly owned by Wirral Council, was set up to deliver adult daycare services on the basis that it would: -
- Generate service savings.
 - Exploit opportunities to trade externally to generate income; and
 - Exploit opportunities to enhance service delivery.
- 5.5 Wirral Evolutions was not successful as the Council was, in effect, its only customer, and the nature of its relationship with the Council effectively prevented it from presenting financial records that were strong enough to satisfy external organisations seeking tender submissions for their contracts in daycare. The company was effectively an externalised department of the Council and had its contract withdrawn to be replaced by services supplied direct by the Council.
- 5.6 Some of Wirral Evolutions workforce were in the NEST pension scheme and upon transfer to the Council employees were enrolled in LGPS. The Council had to incur the costs of this.

5.7 **Chester West & Chester LATCos**

Vivo Care Choices Limited

- This was a company wholly owned by Cheshire West and Chester Council providing services like those provided by Wirral Evolutions. The service has now transferred back into Cheshire West and Chester for, it is understood, similar reasons to the service being provided by Wirral Evolutions being transferred back to Wirral Council.

Cheshire West Recycling Ltd

- This is seen as something of a success story by CWAC and it has recently been agreed that it should be awarded a new contract for kerbside recycling and waste collection. It is also understood that the company may be expanding into commercial waste collection services.
- The company came into being when CWAC's existing supplier terminated its contract early and paid substantial compensation which, was sufficient to fund the working capital requirements of the company. As such there was no immediate drain on CWAC's resources in establishing the company.
- Attempts are being made to improve the terms and conditions of employment (specifically around holiday and sick pay arrangements) but it is acknowledged that full parity is unlikely to be ever achieved.

- The company was established on (and maintains) cooperative social principles. It is acknowledged that fortuitous board level appointments significantly contributed to the success of the company.

7. BENEFITS & DISADVANTAGES OF A LATCO

7.1 The benefits and disadvantages of each identified service delivery option, including a LATCo, were presented to the Council this summer as part of the Outline Business Case (OBC). Please see below for further details of the LATCo benefits and disadvantages:

Delivering all services via a LATco

Description:

To bring both the waste collection and street cleansing services under a LATCo wholly owned by Wirral.

Resource Requirements:

255.5 FTEs

Cost:

Transition and mobilisation costs - £1.58m
Total annual costs (2027) - £21.65m

Advantages

- No market risk for service delivery
- Pension costs are lower than an in-house service

Disadvantages

- All staff move onto equivalent pay grades of current WBC staff meaning the option is more expensive than re-procurement.
- High transition and mobilisation costs as a new depot(s) would have to be sought and/or upgrades to existing sites and set up of the LATCo

Differences in pay and terms and conditions between LATCo and Council employees, with Council

	employees having a higher LGPS at 18.7%. This may risk creating the impression of there being a 'two tier' workforce.
<p>Risks</p> <ul style="list-style-type: none"> • The LATCo is unable to source suitable depot space • The LATCo is unable to recruit suitable management personnel to mobilise and manage the service • LATCo has full exposure to all financial and performance risks • There may be differences in terms & conditions between 'TUPEed' staff and council employees which may cause issues. • Equal pay issues (as set out above) if pay and conditions (including pensions) are different between Council and LATCo employees 	<p>Benefits</p> <ul style="list-style-type: none"> • Greater degree of control over service delivery and changes • Allows for greater visibility of spend and greater control over budgets • Opportunity for income generation as long as 80% of its services are provided for Wirral • Spend is kept local e.g. supply chain • Any surplus associated with chargeable services could (after covering operational costs) be reinvested back into services • No Parental Company Guarantee or bond as the guarantor is the LA

8.0 APPENDICES

Appendix 1 - Equal Pay Claim Risk - Legal Background Information

- S79 Equality Act 2010 states that a person can compare themselves to another employee of the opposite sex (for the purposes of equal pay) if the comparator is employed by the same employer or an associated employer and they work at the same establishment (or they work at different establishments and common terms apply at the establishments).
- Employers are associated if one is a company of which the other employer has control. So, the fact that the Council would be the owner of and control a company means that employees employed in that company can compare themselves to employees directly employed by the Council (and vice versa) if they can establish a suitable comparator (e.g. someone of the opposite sex who does similar work or work of equal value).
- Whether or not employees are employed "at the same establishment" is something which is determined according to the facts of each case. Whilst it might be argued that employees employed by the Council and those employed by a LATCo are not employed in the same establishment, there is no guarantee that this is how this would be interpreted in the Tribunal. The fact that the two bodies are different legal entities cannot of itself mean that they are different establishments – otherwise that would defeat the associated

employer provisions. If a LATCo were fulfilling a statutory obligation of the Council this may, as an example, be a factor indicating that it is part of the same “establishment.”

- If the Council and the LATCo were different establishments then comparisons between the employees at the different organisations can be made (for the purposes of equal pay) if they are employed on common terms (i.e. terms which are broadly similar or agreed under the same collective agreement).
- Even if the above circumstances were not to apply in this specific case, an employee of one organisation could still compare themselves to an employee employed by the other organisation if it were determined that the employees are employed by a single body which is responsible for setting or continuing the terms on which the comparators are employed and is responsible to ensure that there is equal treatment between the comparators. It is likely that a LATCo wholly owned by the Council would fall within this provision.
- Note that the equal pay requirements apply to pension benefits and access to pension schemes.
- There are LATCos in existence in which employees are employed on less favourable terms than those directly employed by the respective local authority. However, it is the view of numerous legal officers that doing so presents a risk as outlined above.

A.7.0 Insourcing Street Cleansing Briefing Paper

Report	Refuse Collection & Street Cleansing Full Business Case – Review of Insourcing Street Cleansing Service Delivery Model Option
Author	Mike Cockburn - Assistant Director, Climate Emergency & Environment
SRO	Jason Gooding - Director of Neighbourhoods
Date	November 2024

1.0 PURPOSE OF THE REPORT

- 1.1 To set out an overview and observations for the service delivery option to insource street cleansing, recommended for consideration as part of the Full Business Case (FBC) for future provision on refuse collection and street cleansing.

2.0 RECOMMENDATIONS

- 2.1 The insourcing street cleansing service delivery option review should be included within the FBC and inform the recommendations for future service provision made to the Council.

2.2 The exposure to a range of high-level corporate risks set out in this review, is taken into consideration as part of the decision-making process for future service delivery.

2.0 BACKGROUND / FINDINGS

- 3.1 Wirral Council has a legal duty to collect household waste and to carry out street cleansing activity. A contract is in place for delivery of waste collection and street cleansing services, which expires in August 2027, with no further option to extend. As such, the Council commissioned Eunomia Research and Consulting Ltd (Eunomia) to support a review of its waste collection and street cleansing contract, to identify and assess the options for future waste collection and street cleansing service provision beyond August 2027.
- 3.2 Eunomia undertook an extensive piece of work to create an Outline Business Case (OBC) earlier this year as part of their commission to support the exercise to determine future provision. This OBC went to the Environment, Climate Emergency & Transport Committee (ECET) on the 15 July 2024. Committee agreed that the following 3 options would be further reviewed as part of the production of the Full Business Case (FBC) as part of phase 2 of the programme. Eunomia were also commissioned to undertake this piece of work. The 3 service delivery options reviewed as part of the FBC were:

Option 1: Fully outsourced provision (refuse collection and street cleansing)

Option 2: A full Local Authority Trading Company (LATCo) provision (refuse collection & street cleansing)

Option 3: Outsourced refuse collection with in-house (insourced) street cleansing provision.

4.0 Current Street Cleansing Operations

- 4.1 Throughout the term of the contract with Biffa, the amount of dedicated spend on the street cleansing function has been due to required budget savings. Services were either reduced or removed from the contract. The savings and reductions to the street cleansing provision have largely impacted on residential areas, with the following resulting resource reductions:

Changes made:

- Removal of enhanced school cleansing programme
- Reduced frequency on secondary retail premises

Budget 2008-2009: £4,179,800.00

Changes made:

- Reduction of workforce
- Frequency cycle changes
- Mechanical sweeping resources
- Alleyway cleansing cycle changes
- Extended working services
- Further reduction to secondary retail premises

Budget 2013-2014: £3,572,400.00

Changes made:

- Removal of key barrow operatives

Budget 2022-2023: £3,954,600.00

2011

2014/2015

- Removal of key Gateway resource: Removal of the A41 gateway manual resource in **2022** and the frequency change on Mechanical sweeping.
- 4.2 This sustained reduction and removal of cleansing resource has impacted on street cleansing provision and standards. The current cleansing resource has absorbed increased housing growth across the borough, an increased highway network and expanded industrial areas. Unfortunately, there has been no mechanism in place within the contract to increase revenue spend and service provision in line with such growth and housing development, which will increase year on year in accordance with the Local Plan.
- 4.3 The Council has continued to maintain good levels of street cleansing performance on key highway routes and priority areas such as district shopping centres; however, residential and suburban areas have suffered.
- 4.4 Prior to 2019 the street cleansing service *worked* in zone type areas and therefore worked largely independently across the borough. This type of operational working was hard to manage and monitor daily and left no room or ownership of other demands that were placed on the service.
- 4.5 Therefore, working with Biffa's management, a neighbourhood model approach was designed to allow the resources within a given area to be dedicated to all the frequency cleansing and service requirements required for the individual ward areas within the neighbourhood approach working. Three neighbourhood areas were established covering the ward areas set out below:

Wirral North Area
Hoylake & Meols Ward
Moreton W & Saughall Massie Ward
Leasowe & Moreton E Ward
Wallasey Ward

Wirral Central Area
West Kirby & Thurstaston Ward
Greasby, Frankby & Irby Ward
Upton Ward
Bidston & St James Ward

Wirral South Area
Heswall Ward
Pensby & Thingwall Ward
Prenton Ward
Bebington Ward
Bromborough ward

5.0 High Level Financial Appraisal of Inhouse Option

5.1 Initial Capital Costs Investment:

Initial Capital Costs Investment

Capital Costs Summary

Vehicles	3,794,000	£3.8m capital investment on 36 vehicles - 5 yr depreciation
Depots	1,125,000	£1.125m (3 depots at £375k each) - implementation of modular units -8 yr depreciation
Systems	190,567	£104k Street cleansing service management system/£87k digital tech & CCTV & location pinpointing - 8 yr depreciation
Transition & Mobilisation	346,412	Eunomia estimate £1,049k - reduced to 1/3 i.e. £346k - as functional resources exist inhouse already
Total initial investment	5,455,979	

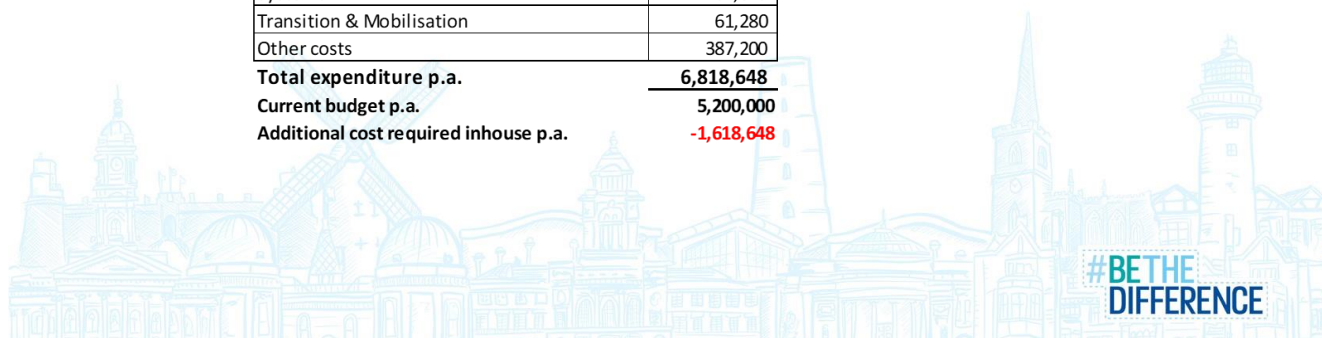


5.2 Expenditure Summary per annum

Expenditure Summary per annum

Expenditure Summary

Staffing & contractors	4,416,573
Vehicles	1,365,008
Depots	426,763
Systems	161,825
Transition & Mobilisation	61,280
Other costs	387,200
Total expenditure p.a.	6,818,648
Current budget p.a.	5,200,000
Additional cost required inhouse p.a.	-1,618,648



Please see Appendix 1 for a full breakdown of costs.

5.3 Additional HR Requirements:

- 5.3.1 The Council will be obliged to provide the incoming street cleansing workforce with enhanced terms and conditions equivalent to the Council's terms and conditions, including access to the Local Government Pension Fund (LGPF). The costs involved in the 'betterment' of the workforce's terms and conditions will be considerable.
- 5.3.2 As well as matching the in-coming workforce terms & conditions, there is also a risk associated with single status of the incumbent workforce. Bringing a workforce in-house can detrimentally affect the grading and pay scales of other job roles of a similar nature that already exist within the council and could possibly result in similar jobs roles being graded higher than if the incoming workforce had remained outsourced. The Biffa workforce also enjoys some terms and conditions that are better than the Council's (i.e. payment for working bank holidays), therefore following the movement of the workforce to the Council's employ, there is a risk of subsequent equal pay challenges from members of the internal workforce.

5.4 Management costs

- 5.4.1 The current contract for the waste collection and street cleansing service employs 2 in house managers and 6 contract officers to manage the waste and street cleansing services. This is supported by 4 other members of staff to provide performance monitoring, Bin repairs and administration duties. The current cost to support the contract in this management structure is approximately £527,364 including on costs.
- 5.4.2 As part of the Biffa contract, the Street Cleansing service employs a 1 streets manager and 3 supervisors to oversee the current street cleansing frequencies, Bulky collection service and alleyway cleansing.

5.4.3 The cost associated with Biffa's current management structure is approximately £204,759 including oncosts. This is likely to be increased if street cleansing is taken back in-house, with additional service managers and team leaders to manage the service.

5.5 Digital Infrastructure Costs

5.5.1 The quality of the local environment, and in particular standards of street cleansing are increasingly becoming the barometer the public uses to judge how well an area is being managed and attractiveness in which to live, work or visit.

5.5.2 To enable the Council to achieve its objectives the services need to deliver high quality, efficient and sustainable services to ensure the future cleanliness and prosperity of the area. This must be achieved against an increasing pressure on public finances and a need to reduce the net cost of delivery. Therefore, the way that the services are delivered must be continuously challenged to ensure that efficiencies are achieved where possible without having an adverse impact on standards.

5.5.3 The current monitoring of street cleansing is carried out using the old NI195 method and measures the performance on the day of the cleanse. This method provides a key indicator on how well the streets are cleaned and the land use associated with the methodology.

5.5.4 To improve on this and measure the effectiveness of combined services will require the use of digital infrastructure that will be able to define areas of the borough where the standards of street cleansing need to improve, and resources can be applied more effectively.

5.5.6 The LAMS (Land Audit Management System) is a digital quality inspection system to monitor grounds maintenance and/or street cleansing. The LAMS system, which is produced and operated by APSE (Association for Public Service Excellence) will enable the Council to measure the quality of the boroughs localities, and at the same time benchmark these against other local authorities. The system allows a combined use to monitor grounds maintenance, street cleansing and/or cemeteries/crematorium land maintenance. The system can also produce reports for localised cleansing and target inefficiencies to combat public complaints. The cost of this system to the Authority per annum is £750 with an additional £25 to cover the costs of the selected Randomer application.

5.6 Satellite Site Location Requirements

5.6.1 To enable street cleansing to be brought back into the Council's control and deliver the services as per the current neighbourhood working and cleansing framework, there is a requirement to house the resources around the borough within the 3 main working neighbourhoods.

5.6.2 Two of the environmental parks & countryside satellite depots within these areas are currently used to deliver leaf fall cleansing during the autumnal months, whereby they are loaded into skips provided by Veolia and transferred to Bidston. Several of the park's depots have the capacity to home additional resources for the street cleansing operation.

5.6.3 Below is a list of depots that with adaptations can be used for the Street Cleansing resources:

Arrowe Park Depot – This Depot was originally a main drop off point for the Street Cleaning when it was last in house. This site could include a street cleaning team.

Frankby Cemetery Depot – This was originally a main drop off point for the Street Cleaning when it was last in house. The yard is likely to be big enough but would require the need for a new machine shed and washdown bay. This would be subject to a Capital Bid being approved.

Leasowe Castle Depot – This is our newest Depot and leads on Tree Work – This site could possibly include a street cleaning team, although there would need to be some adaptations made to the Mess Room.

Central Park Depot – This depot is located within Central Park, Wallasey. It is quite small and there is already a Barrow operative based at this Depot from Biffa, they have a 10-foot container to store their equipment.

Warren Farm Depot – This site does require resurfacing and material bays, which are the subject of a capital bid awaiting approval. If resurfacing and material bays were agreed this could accommodate a street cleaning team.

5.6.4 There is also **Cleveland Street Depot**, not a parks depot, which is currently under discussions regarding a combined single site depot; with the departure of the Community Safety Team from this Depot we believe there maybe space for a couple of Street Cleaning Teams here. This depot currently houses the Alleyway remediation & Grot Spot teams.

5.6.5 Although the above depots are adequate to accommodate the street cleansing teams, there is the question of which ever site these teams move into, it is critical in how the street arisings and collected waste is handled e.g.: will they tip on the ground or directly discharge into skips. At Arrowe Park and Frankby depots arrangements were put in place for this when the service was in-house. The current street cleansing resources tip at the Bidston Transfer Hall which is operated by Veolia on behalf of Merseyside Recycling Waste Authority (MRWA).

6.0 Risks Identified with Insourcing Street Cleansing

- 6.1 **Matching Terms and Conditions:** Bringing a workforce in-house can detrimentally affect the grading and pay scales of other job roles of a similar nature that already exist within the council and could possibly result in similar jobs roles being graded higher than if the incoming workforce had remained outsourced. This presents an associated risk with single status of the incumbent workforce and internally, with the Council's workforce.
- 6.2 **Additional costs:** The council could pay on average an additional 7% of the total contract price to fund the ongoing additional corporate support associated with a service coming back in-house.

- 6.3 **Financial:** Street cleansing staff would have to be enrolled in the LGPS and there would be additional costs from the dual-management teams required. Digital integration between the two services would likely also incur additional costs.
- 6.4 **Market Conditions:** Bidders typically prefer integrated contracts as these contracts have a higher contract value. By bringing the street cleansing service in-house, this might give bidders the impression that the authority may plan to do this for the waste service in the future, which could reduce market interest.
- 6.5 **Capacity & Capability Risk:** WBC would require additional capacity and capability to manage this operationally complex service. Currently, WBC do not have the specialist capability internally to manage a large street cleansing service and would require specialist recruitment for roles as outlined above.
- 6.6 **Operational:** There would be increased operational complexity as both entities will need to manage their infrastructure and operations efficiently whilst not disrupting the service delivery of the other. Furthermore, as both services would be managed by different organisations, there would be a loss of cross-working efficiency between the services, which may lead to some operational disruption.
- 6.7 **Implementation:** The transfer of a highly specialised service (street cleansing) in-house whilst also undertaking a procurement exercise, which significantly increases the likelihood of implementational failure compared to the other options being reviewed. There is also a substantial implementation risk surrounding IT systems.
- 6.7 **Benefits & disadvantages of insourcing street cleansing service delivery model**

Re-tendering waste and bringing cleansing in-house
<p>Description: To procure a new contract for delivering waste services only by an external service provider and bringing street cleansing services in-house. The refuse collection service will operate in a similar way to the current contractual arrangements, but street cleansing will be redesigned for more localised deployment and delivered against an internal work programme and performance measurement.</p>
<p>Resource Requirements: 247 FTEs</p> <p>Cost: Transition and mobilisation costs - £1.24m Total annual costs (2027) - £22.36m</p>

<p>Advantages</p> <ul style="list-style-type: none"> • Allows the Council to expand its in-house service operations with a lower profile service than waste collection • Street cleansing services could be accommodated in existing council-owned depots 	<p>Disadvantages</p> <ul style="list-style-type: none"> • Differences in pay and terms and conditions between in-house and Contractor employees. • Street cleansing staff entitled to LGPS • Synergies between waste and cleansing may be difficult to manage
<p>Risks</p> <ul style="list-style-type: none"> • The Council is unable to recruit suitable management personnel to mobilise and manage the service • Council has full exposure to all financial and performance risks of the street cleansing service • Division of responsibility between waste and street cleansing needs to be very clear • Lack of depot for waste and smaller contract may make it less attractive to the market 	<p>Benefits</p> <ul style="list-style-type: none"> • Greater degree of control over service delivery and changes for street cleansing • Allows for greater visibility of street cleansing spend and greater control over budgets • For the in-house elements, the spend would be kept local e.g. supply chain

Appendix 1:

Street cleansing – High Level Financial Appraisal of Inhouse Option:

Street cleansing – high level financial appraisal of inhouse option

4/12/24 v4



Initial Capital Costs Investment

Capital Costs Summary

Vehicles	3,794,000	£3.8m capital investment on 36 vehicles - 5 yr depreciation
Depots	1,125,000	£1.125m (3 depots at £375k each) - implementation of modular units -8 yr depreciation
Systems	190,567	£104k Street cleansing service management system/£87k digital tech & CCTV & location pinpointing - 8 yr depreciation
Transition & Mobilisation	346,412	Eunomia estimate £1,049k - reduced to 1/3 i.e. £346k - as functional resources exist inhouse already
Total initial investment	5,455,979	



Expenditure Summary per annum

Expenditure Summary

Staffing & contractors	4,416,573
Vehicles	1,365,008
Depots	426,763
Systems	161,825
Transition & Mobilisation	61,280
Other costs	387,200
Total expenditure p.a.	6,818,648
Current budget p.a.	5,200,000
Additional cost required inhouse p.a.	-1,618,648

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Expenditure by cost type (1)

Expenditure Summary

Cost type	£ p.a.	Source & Comments
Staff costs - 92 staff		
Salary plus oncosts	4,114,218	80 baseline staff at Council Band & on cost levels 2024/25 varied for Eunomia 4/12/24 updates. Plus 12 additional staff to meet productivity differences Wirral/Biffa(hours p.w., additional training/downtime). Plus Apprenticeship levy
Seasonal contractors	250,000	Seasonal crews - leafing, coastal, adverse weather
Management/Admin	52,355	1 additional supervisor is advisable per Terry (PO2)
Council recharges		Needs to be budgeted but sunk cost for investment appraisal so excluded (c.£100k)
	<u>4,416,573</u>	
Vehicles		
MRP (5 year)	754,600	£3.8m capital investment on 36 vehicles - 5 yr depreciation
Interest on MRP	195,819	Interest on above MRP @ 5.19%
Vehicle Running Costs	280,000	Biffa provided information
Vehicle Fuel Costs	134,589	Biffa provided information
	<u>1,365,008</u>	
Depots		
MRP (8 year)	140,625	£1.125m (3 depots at £375k each) - implementation of modular units- 8 yr depreciation
Interest on MRP	58,388	Interest on above MRP @ 5.19%
Depot	227,750	Biffa provided information-running costs- reduced by 50% for sunk costs in place already
	<u>426,763</u>	

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Staffing Analysis

<u>Staffing - Summary Table</u>	£	
80 headcount	2,961,188	per Eunomia includes £505k betterment on pensions
Bank holidays	158,340	Paid at 4 days pay plus 1 in lieu for each BH worked
Overtime	434,687	Time and a half, worked at c.10%
Extra staff-productivity	534,003	12 additional staff due to hours p.w. betterment & productivity differences
Apprenticeship Levy	20,000	Per Eunomia
Car allowance	6,000	Manager - t/f of conditions
Total staffing	<u>4,114,218</u>	



Expenditure – by cost type (2)

Cost type	£ p.a.	Source & Comments
Systems		
MRP (8 year)	23,821	£104k Street deansing service management system/£87k digital tech & CCTV & location pinpointing - 8 yr depreciation
Interest on MRP	9,890	Interest on above MRP @ 5.19%
Annual licence costs	128,113	20% per annum of management system plus £90k peripheral IT cost(GPS/Logistics/H&S)
	<u>161,825</u>	
Transition & Mobilisation costs		
MRP (8 year)	43,301	Eunomia estimate £1,049k - reduced to 1/3 i.e. £346k - as functional resources exist inhouse already
Interest on MRP	17,979	Interest on above MRP @ 5.19%
	<u>61,280</u>	
Other costs		
Consumables & replacement parts	175,000	Per Biffa plus inflation to 24/25 levels & 33% contingency for blowers/other garden equipment (see Terry-201124 tab)
Uniforms	83,200	Eunomia accepted assumption
Other costs	129,000	Eunomia accepted assumption
	<u>387,200</u>	
Total expenditure per annum	<u>6,818,648</u>	
Current Budget per annum	5,200,000	
Variance per annum	-1,618,648	

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Other factors

- Salary discrepancies with similar roles in council
- Harmonisation threat to overall Council of :
 - ❖ Bank holidays clause – 4 days pay plus 1 in lieu for every bank holiday worked
 - ❖ Overtime (x 1.5), running at 10%

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